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Province of Saskatchewan

A Submission

By The
Government of Saskatchewan

To The
Royal Commission On
Dominion-Provincial
Relations.

(Canada, 1937.)

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Prepared under the direction of
HON. T. C. DAVIS, K.C.,
Attorney General for Saskatchewan.


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FOREWORD

BY

HON. W. J. PATTERSON,
Premier of Saskatchewan

The Government of the Province of Saskatchewan, fully appreciating the magnitude and importance of the task undertaken by the Royal Commission appointed by the Government of Canada to inquire into Dominion-Provincial relations, has devoted a great deal of thought and study to the preparation of its case, and in so doing has kept in mind certain fundamental facts and conditions.

We appreciate that Canada is a vast country, covering approximately one-half of the continent of North America, with a population meagre in comparison with the extent of its territory. We further appreciate the fact that the Dominion is divided naturally into definite geographical areas with diversity of economic interests. These diversities make it difficult for Federal policies to apply with equal benefit to all sections of the nation.

This situation creates problems which require the highest degree of statesmanship if a united Nation is to be developed and maintained. We realize that Confederation was established for the good of all Canada and that each Province must be prepared to make its contribution to the common good. We feel, however, that successful operation of a Federated Union must take into account the physical and economic conditions existent within its component parts and that there should be a sufficient flexibility in the relationship between Dominion and Province to equalize, as far as is practically possible, the local advantages which any Province enjoys or the natural handicaps under which it functions. In the preparation of its brief the Government of Saskatchewan has attempted to outline its conception of Saskatchewan's place in Confederation, the possibilities of the Province, and the handicaps which it suffers by reason of its location and the physical conditions which apply to its basic industry of agriculture. We believe it essential that a United Canada should be maintained as a part of the British Commonwealth of Nations, and are prepared to devote every effort to that end.

We ask our fellow citizens in other provinces in Canada to study the case of our Province as presented in this brief, always having in mind this national objective. We shall, on our part, give sympathetic consideration to the views of others.

We welcome the Commission to Saskatchewan, and desire to express our appreciation to the Government of Canada for its appointment. We know that

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the Commission will make an intensive study of the problems it is called upon to consider and feel assured that its findings and recommendations will form a basis for the removal of many of the inequalities which now exist within Confederation.

Regina,
November 1, 1937.

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PREFATORY NOTE

BY THE

ATTORNEY GENERAL OF SASKATCHEWAN

When the Government of Canada announced the appointment of the Royal Commission, to which this Brief is being submitted, the Government of Saskatchewan decided at once that the case of the Province should be presented and I was requested, in my capacity as Attorney General, to take charge of the preparation of a Brief. Of necessity, one in charge of a Department of Government in Saskatchewan has little time for detailed work, consequently it was impossible for me to do other than direct the general policy covered by the Brief, and the actual preparation had to be left to others.

As a first step I consulted with Dr. W. C. Murray, then President of the University of Saskatchewan. I advised him that I would have to look largely to members of his staff to take charge of the actual preparation of the Brief, and I requested the services of Mr. F. C. Cronkite, K.C., Dean of the College of Law, and Professor G. E. Britnell, of the Department of Political Economy. I appreciate the fact that President Murray and the Board of Governors of the University readily acceded to my request, and at the outset I desire to thank them and acknowledge their assistance in this regard. I may say that I also had the privilege of discussing the whole matter of the submission of the Brief with President Murray, and I appreciate his beneficial advice and assistance.

Both Dean Cronkite and Professor Britnell have given virtually their whole time, since the announcement of the appointment of the Commission down to the present, to the preparing of this Brief, and I want to acknowledge publicly the very great assistance that they have been in the preparation thereof.

Naturally, we had to look for assistance in innumerable places, in the gathering of the data included herein. In the preparation of various sections of the Brief, every Minister of the Government, and every Deputy Minister has been most helpful, and the same thing applies throughout the entire Public Service of the Province. One only appreciates the strength of the Civil Service of Saskatchewan when one is in contact, as I have been, with practically every branch of it, in connection with the preparation of this Brief. One cannot but appreciate how many excellent men and women are giving of their

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talents to the service of this Province, and, in the general case, with salaries not commensurate with the services being rendered.

It is rather difficult, and possibly unfair, to pick out individuals, but I think I would be remiss in this acknowledgement if I did not say that I feel a special debt of gratitude to Mr. S. P. Grosch, K. C., Chairman of the Local Government Board of Saskatchewan, Mr. A. Perring Taylor, C.A., Deputy Provincial Treasurer, Mr. J. A. Taylor, C.A., Superintendent of Revenue, Mr. Thomas Lax, F.C.A., Provincial Auditor, Mr. Louis Jacobs, F.C.A., of the Department of Municipal Affairs, Mr. W. J. Hansen and Mr. Albert Simmons of the Department of Agriculture, and Mr. Samuel Quigg, K.C., of my own Department.

I also want to acknowledge the help and assistance received from Mr. A. Hayworth, K.C., Counsel for the Saskatchewan Power Commission, Mr. A. S. Sibbald, K.C., in charge of the Voluntary Debt Adjustment scheme in effect in the Province, and Professor William Allen of the University of Saskatchewan.

There are others who have also given willingly of their ability and service, and it may be that I have neglected to mention some of them, and, if I have done so, they may take it that it is merely the result of oversight.

This matter does not concern the Commission, but, as this Brief will be a matter of public record, and will be referred to in the years to come, I think it only fitting and proper that there should be embodied herein some recognition of the splendid help given by all those who have been engaged in its preparation.

T. C. DAVIS,
Attorney General.

A Submission by the Government of Saskatchewan to the Royal Commission on Dominion-Provincial Relations (Canada, 1937)

PART I INTRODUCTORY

The appointment of a Royal Commission on Dominion-Provincial relations has come at a period when it is evident to every thinking person in Canada that we do not live in a perfectly balanced federation. Stresses have been emphasized by the serious economic depression from which Canada is just emerging. In this province, in particular, as the result of a combination of depression and drought, coupled with certain national policies which cannot be regarded as other than oppressive, the financial burden of government has become well-nigh insupportable.

The terms of reference contained in the Order in Council of August 14, 1937, indicate that a very sweeping inquiry was intended. Therein one finds a wholesome recognition that there have been social developments since 1867 and that these developments have involved the growth of governmental responsibilities entailing expenditures of great magnitude. It may also be said of the terms of reference that although the question of governmental finance is set down as a matter for primary consideration, this consideration is to be on the basis of the public welfare. In this spirit the Government of Saskatchewan will make a submission to the Commission, with the plea that the terms of reference may receive a liberal interpretation. For the first time there is presented the opportunity of an effective examination of the long-term economy of Canada and the provinces. For the first time there is presented an opportunity to examine the effect of national policies upon the economy of the western provinces. It will be most unfortunate for Canada as a whole if fundamental weaknesses in the economy of the western provinces, and in particular of Saskatchewan, are ignored in the belief that prosperity will be assured with a return of normal crop conditions.

FUNDAMENTAL CONCEPTS

Remedial measures can be intelligently considered only if there is some agreement on fundamental concepts of political philosophy, some agreement as to a philosophy of life from which political action may develop. This does not mean that a dissertation on political philosophy is called for in this submission or that such dissertation would be of the slightest value to the Commission.

It is submitted, however, that certain considerations are of fundamental importance and should be stated at this point. In making representations on behalf of the Province of Saskatchewan the following propositions, therefore, will be assumed to be true:

1. That a federation must be regarded not merely as an historical category, but as a device for advancing the lives of the people living therein.
2. That the activities and resources of government must be employed to ensure that no person shall lack the necessities of life.
3. That insofar as it is recognized as sound political policy to provide social services, there is, in a union such as ours, where such commanding powers are given to the central authority, an obligation upon all Canada that such services shall be available to every person within the federation.
4. That inasmuch as the federation exists for the good of all, there is an obligation on the part of all Canada to see that all persons have a reasonable opportunity; and that this obligation becomes more definitely an obligation of the Central Government if policies of that government have operated to the disadvantage of any section.
5. That for economy of administration and for appreciation of local needs many social services are better administered by local authorities.

These propositions are definitely adopted as a basis for this submission. Obviously they are not exhaustive and must be regarded as setting out merely a minimum of achievement in the way of political thought. In this connection for instance, it is not conceded that unanimity of thought must exist before proposition three becomes effective: a predominance of thought, in reasonable terms, should be sufficient. The disposition of revenues of the Central Government in the direction of securing a fuller life ought not to be hampered by a minority view. Moreover it is certainly not suggested that the activities of government should stop short with securing a standard of living no higher than the subsistence level.

The generalizations made above would seem to indicate an enlargement of the functions of the central government and without doubt a "centripetal tendency" has been exhibited in the history of most federations. But it must not be forgotten that the problem involves sectional differences—occupational, geographical, racial. With this thought in mind an attempt will be made to give a picture of the difficulties facing this province and to suggest certain readjustments in order to cope with them. It is hoped that these suggestions will appear as reasonable to all the provinces, working in co-operation for a united Canada.

OUTLINE OF ARGUMENT

A brief examination of the events leading up to the British North America Act will be undertaken. Certain terms of this enactment together with the experience of the federated provinces will also be considered in an endeavour to discover significant factors from which principles may be derived. It is hoped that these principles may be used as guides in suggesting readjustments.

It is then proposed to give an exact picture of the very serious financial position of the province, including the municipal institutions of the province. It will be submitted that little can be done to correct this situation by means of effecting economies without impairing essential services, already greatly curtailed. A fairly detailed study of the tax structure of the province will then be undertaken and it will be submitted that the tax burden is already too heavy when consideration is given to capacity to pay. Certain incidental recommendations will be made touching the matter of taxation.

All this will be a dark picture. It is then proposed to examine into the causes. The economy of the province will be studied. An attempt will be made to isolate the ravages of several years of drought and to indicate the fundamental long-term weaknesses of our economy. Certain particular disabilities such as the customs tariff and its burden upon the people of Saskatchewan, high transportation costs, high interest rates and our lack of a proper highway system will be considered.

Next will appear an examination of the social services presently rendered. A study of the inception and growth of these services will be offered together with a statement of additional services of which the people of the province stand in imperative need. It will be shown that the economic well-being of the people of Saskatchewan, on a comparative basis, is not high.

A brighter note will be introduced by showing that this province has made a considerable contribution to the economic life of Canada. It will likewise be shown that there is a reasonable prospect of such contributions in the future.

Finally an analysis will be made of the foregoing in terms of rehabilitation, financial needs of the province and constitutional changes. This will be followed by certain recommendations, some of a general and some of a specific nature.

PART II

Canada and the Provinces Under The British North America Act

In the preamble to the British North America Act, 1867, it is recited that the Provinces of Canada, Nova Scotia and New Brunswick had expressed a desire to be federally united, and that "such a Union would conduce to the Welfare of the Provinces and promote the Interests of the British Empire." The British Empire has become the British Commonwealth of Nations, a majority of the Provinces are dubious as to their present welfare, the British North America Act retains the terms of seventy years ago. It is not inappropriate that brief mention be made of the origin and nature of our federation.

In any country organized as a federation the essence of the political system is the distribution of powers as between the general authority and the state or provincial authorities. As a consequence, a consideration of the intentions of the Fathers of Confederation in arranging the allotment of powers is of no little interest. Inevitably involved in such a consideration is the intended division of public revenues by which the respective governments were to sustain the functions thus assigned to them.

SIR JOHN A. MACDONALD AND THE QUEBEC RESOLUTIONS

With the adoption of a series of resolutions by the Conference which convened at Quebec on October 10, 1864, the movement in the direction of a union of the provinces began to assume tangible form. The dominant figure in this movement was Sir John A. Macdonald and the political views of this great statesman throw considerable light on the form which the Union took.

Between February 3rd and March 14th, 1865, the members of the legislature of the United provinces of Upper and Lower Canada discussed fully the merits of the scheme of federation drawn up at the Quebec conference of the previous autumn. In advocating support of the resolutions Macdonald entered fully into the political aspects of the scheme and it is very evident that the proposals did not conform with his ideal. He felt that the ideal form of government would have been a legislative union with one Parliament, supreme in every respect over the whole of the country as in Great Britain. Sectional and racial interests in Lower Canada and the Maritimes, however, would not contemplate such an arrangement, so a compromise was devised whereby provincial identities were preserved.

The attitude of Macdonald is expressed with some conciseness in the following extract from one of his speeches:

"Now as regards the comparative advantages of a Legislative and a Federal Union, I have never hesitated to state my own opinions. I have again and again stated in the House that, if practicable, I thought a Legislative Union would be preferable. I have always contended that if we could agree to have one government and one parliament, legislating for the whole of these people, it would be the best, the cheapest, the most vigorous and the strongest system of government we could adopt. But, on looking at the subject in the Conference we found that such a system was impracticable Therefore, we were forced to the conclusion that we must abandon the idea of Union altogether, or devise a system of union in which the separate provincial organizations would be in some degree preserved." (1)

The desire that the provincial organizations should be preserved was carried into the provisions of the British North America Act. Judicial recognition of this principle has been expressed in unequivocal terms. The language of Lord Watson, delivering the judgment of the Judicial Committee of the Privy Council in *The Liquidators of The Maritime Bank v The Receiver-General of New Brunswick*, (2) was explicit,

"The object of the Act was neither to weld the provinces into one, nor to subordinate provincial governments to a central authority, but to create a federal government in which they should all be represented, entrusted with the exclusive administration of affairs in which they had a common interest, each province retaining its independence and autonomy."

It is important that the position of the provinces within the union be kept in mind. It is important to remember that this position was achieved despite the persuasive eloquence of Sir John A. Macdonald. The original provinces insisted, the preliminary conferences understood, the British North America Act declared, that the identity of the provinces should be preserved. It is submitted that the preservation of the identity of the provinces in a federation, a federation which was to "conduce to the welfare of the Provinces," has an unmistakable meaning: both federal policies and arrangements among the provinces must be such that each province will be in a position to perform the duties assigned to it by the constitution. Otherwise the identity of the provinces as cultural units cannot be preserved. Moreover the welfare of the people in terms of opportunity must not be forgotten. The minimum for each province has been expressed, rather aptly, as "a right to earn roughly the

(1) P. 29 of Parliamentary Debates on the subject of the confederation of the British North American Provinces—3rd session, 8th Provincial Parliament of Canada.

(2) (1892) A.C. 437 at 441.

Canadian standard of living within the boundaries of the province if reasonably possible. No province can be expected to accept the position of a colony to be exploited, nor to accept, except in the last resort, the migration or transfer of its people to the other provinces." (3)

CONSTITUTIONAL CHANGE

The foregoing analysis characterizes the union of 1867 as a political event calculated to preserve the identity of the pre-existing provinces in some degree. But there is a danger that the notion of provincial autonomy may be pushed too far. We must also keep in mind that the British North America Act established a Federal State, likewise with a claim to autonomy, and that the machinery of government established under our constitution exists only as a means to the end of human advancement. As expressed by the present Prime Minister of Canada (4) "we should not lose sight of the fact that governments are only institutions created by men to serve human needs." Consequently if human needs are not being served according to the spirit of the federation, inquiry should be made. And if a reasonable guarantee of correction is promised by a new distribution of powers and duties or by other constitutional alterations, there should be no hesitation. Local jealousies and a worship of traditional forms ought not to obscure the true purpose of the constitution.

It is probable that constitutional adjustment has been retarded by a doctrine described as the "compact theory" of confederation that has been put forward in certain provinces. According to this theory the original provinces entered into a "treaty" of union, and pushed to its conclusion the theory demands unanimity among the provinces as a prerequisite to amendment of the British North America Act.

The theory is an extremely novel one and if any regard is to be had to accuracy in the definition of terms, it is completely unsupportable. For instance, it might be inquired as to the source of treaty making powers enjoyed by these pre-Confederation colonies. It might be asked whether Parliamentary ratification could be found as an historical fact in any of the colonies other than the Province of Canada. It might be asked further whether in the event of a desire on the part of Ontario or Quebec to give consent to a modification of the original pact, it would be necessary to reconstruct for the time being a pre-Confederation Province of Canada. Considerable doubt might also be entertained as to whether, with reference to any of the present provinces which entered confederation after 1867, a treaty doctrine could conceivably be applied.

(3) V. W. Bladen, 1 Canadian Journal of Economics and Political Science 348 at 350.

(4) Dominion-Provincial Conference, 1935, Record of Proceedings p. 9

It is submitted that neither as a matter of legal theory nor historical fact has the so-called compact theory any justification whatever. The whole matter was examined in a critical article by Professor Norman McL. Rogers a few years ago, (5) in which the almost completely imaginary nature of the so-called compact theory was disposed of. As a matter of fact, at least one of the original provinces has gone on record in opposition to this theory. In the submission of the Province of Nova Scotia to the Royal Commission on Economic Inquiry (Jones Commission) in 1934, the following words are to be found. (6) "It is a forced interpretation of historical facts to suggest that Nova Scotia was a voluntary party to any Federal agreement with the other provinces."

So far as the Province of Saskatchewan is concerned, it would be ridiculous in the extreme to contend that there was anything in the nature of a Saskatchewan personality prior to the Act of the Parliament of Canada which created the province. The creation of this province came during the course of an intensive settlement policy on the part of the Canadian government, and the boundaries of the province were more or less arbitrary. The province was created as the result of a Federal Statute and one of the matters agitating parliamentarians at the time seems to have been how best the settlement policy in the west could be furthered.

In a consideration of the necessity of amending the British North America Act, it must be kept in mind most distinctly that we are dealing with a Federation in which there is a Federal State as well as nine provinces. If we had to deal with merely a loose confederacy, there would be a good argument in favour of unanimity of opinion; but we are not dealing with a confederacy but with a very definite type of federation in which very wide powers looking to the peace, order and good government of the people are given to the central government.

In such circumstances the principle of unanimity of consent to constitutional amendment cannot be tolerated. The rule as to constitutional amendment as ultimately adopted will undoubtedly represent a compromise in reasonable terms, such, for instance, as the compromise in the United States of America where amendment to the Constitution may be obtained with the consent of three-fourths of the states. It may readily be admitted that the situation in Canada is very unsatisfactory at the present time. This in part is the result of historical accident. In 1867 at the date of the enactment of the British North America Act, the original provinces and the Dominion of Canada created by the Act, were all definitely regarded as colonies. Amendment to the Constitution could be thought of only in terms of an amendment of an Imperial Statute. It has only been within fairly recent years that Can-

(5) 9 Canadian Bar Review 395. (1931)

(6) At page 10

ada has emerged from the status of a colony. The Statute of Westminster, 1931, regarded by many as our charter of self-government, provided by Section 4 that no Act of the Parliament of the United Kingdom should be deemed to extend to a Dominion, unless expressly declared in that Act that that Dominion had requested and consented to the enactment in question. In the matter of constitutional amendment, the Statute of Westminster does little to clarify the situation, for while by Section 4 and other portions of the Act, it is made reasonably clear that legislation with reference to Canada shall be enacted by the Imperial Parliament, only at the instance of Canada, the question remains what shall be comprehended in the word "Canada?" It is submitted that in the final determination of this question, it cannot mean the unanimous consent of the Federal Government and the nine provincial governments.

As to the necessity for amendment, it is submitted that such necessity exists, although it is not contended that such amendment need assume dramatic proportions. It will be contended that the need for constitutional adjustment has resulted to some extent from errors in the British North America Act of 1867, but more largely as the result of changing concepts regarding functions of government.

Few Canadian statesmen have been very explicit concerning their ideas of the functions of government. They have been more concerned with the business of governing. Consequently in what they did more often than in what they said, does one find the clues to changing ideas regarding the appropriate field of government activity. Provisions for external defence and for the maintenance of law and order internally were of course expected as functions of the government in Canada from the beginning. Sir John A. Macdonald felt that the development of a common system of jurisprudence for British North America was vital and that there should be the same protection for life and property and the same penalties for crime in all parts of the country. In addition, he looked forward to uniformity in the laws relative to property and civil rights, with the inevitable exception of Quebec. For the most part, however, as expressed by a contemporary writer, "The prevailing idea was that the fewer functions surrendered by the individual to the government the better. John Stuart Mill was still the authority, and his ideas with regard to the limitation of government marked the general line of thought. While there were those who took a wider view of the functions of government and who anticipated the collectivist movement of the last quarter of the century, the echo of this was at that time scarcely heard in Canada. There was no thought that many of the services now rendered to the community by governments would become necessary. Consequently, the division of authority, both political and financial, in the British North America Act was based on a form of society and an idea of government which no longer exists." (7)

(7) W. A. Carrothers, *Canadian Journal of Economics and Political Science*, Vol. I, p. 26.

The peculiar exigencies of a pioneer country, however, forced Canadian governments into fields of activity which many of the older countries did not touch until later, and the extraordinary needs of development apparently kept Canadian statesmen so busy governing, that they had little time or inclination to philosophize about it. In the Confederation Debates besides discussing the structure of government, the part of the new Federal Government in developing the country was considered. In this regard the heavy emphasis was on the value of interprovincial free trade, land settlement, immigration, acquisition of the north-west, public works (mainly railways and canals) and nation-building in general.

No useful purpose will be served by a detailed examination of the distribution of powers between the Dominion and the Provinces to be found mainly in Sections 91 and 92 of the British North America Act of 1867. These provisions are very well known to everyone. Two significant changes in political thought subsequent to 1867 should, however, be adverted to.

The first has to do with fiscal policy and marks one of the earliest departures from the political thought of 1867. Great Britain had adopted Free Trade, involving purchase in the cheapest market and sale in the dearest as its principle. Canada never went that far, and although fiscal autonomy was asserted in 1859, for many years thereafter tariff was considered as for revenue only. However, with the depression following 1873, abrogation of reciprocity in 1866, the recent abolition of colonial preference in the British market and the high tariff policy of the Republican party in the United States, after victory in the Civil War, the picture changed, and a protectionist movement was born. Thus by 1879 the idea of a protective tariff had taken hold of many Canadian statesmen and it has remained imbedded in varying degrees in Canadian politics ever since.

Henceforth government policy in this regard became a matter of paramount interest to the country's private capitalists. One notable innovation has been that of Sir Wilfrid Laurier in 1897 by which the Imperial Preference was inaugurated. It will be submitted that the adoption of a protectionist policy has had far reaching effects in the direction of making re-adjustments as between the Dominion and the Provinces absolutely imperative. For the Province of Saskatchewan in particular, where it is almost completely true to say that everything is bought in a protected market and everything is sold in a free market, the consequences of the protectionist policy have been more disastrous perhaps, than for any other political division of Canada.

Another significant change which has occurred subsequent to Confederation has gone deeply into our philosophy of life. Values today are estimated with reference to a social philosophy unknown and unimagined in 1867. It originated, perhaps, in the field of industry, and involved a desire to obtain

greater security for wage earners as the result of state intervention. Within recent years this new social philosophy has taken rapid hold in Canada, and has extended into all fields of activity. It may be described as a social philosophy which calls for a minimum of protection and a minimum standard of living for everyone, particularly for the aged, the afflicted and the unfortunate, through a policy of state intervention. It has called for tangible contribution to the life of many people in such forms as old age pensions, mothers' allowances and additional educational facilities. It is submitted that this social philosophy is not a passing fad, but that on the contrary, the tendency will be more pronounced in the years to come. The development of this social philosophy has had a marked effect in the matter of Dominion-Provincial relations, since under the distribution of powers to be found in the British North America Act, the constitutional obligations to supply these services has rested largely upon the provinces. On the other hand, many efforts of the Dominion Parliament to cope with the situation in a national way have been defeated by the courts on the reasoning that such action constituted an interference with property and civil rights in the provinces, a matter assigned exclusively to the provinces by head 13, Section 92 of the British North America Act. (8)

FINANCIAL ARRANGEMENTS — SUBSIDIES

The history and details of payments from the Federal Treasury for the support of government services in the provinces has been so excellently portrayed in a recently published work (9) that only brief reference need be made to this question here.

It is submitted that the Confederation Debates indicate clearly that the contributions to be made from the Federal Treasury to the different provinces was measured by anticipated fiscal needs. It may be observed that under the Act of Union then proposed, the revenue to be derived from customs was to go to the Central Government. In the field of taxation, the provinces were to be limited to direct taxation within the province and certain types of licenses in order to the raising of revenue for provincial purposes. It was early recognized that these sources of revenue, together with the territorial revenues remaining to the Provinces, would be entirely inadequate to secure balanced budgets. Accordingly it is almost certain that the scheme for Confederation would have broken down had not arrangements been made for direct contributions to the provinces from the Federal Treasury. In this connection the words of Hon. A. T. Galt are significant: (10) "I now propose, Sir, to refer to the means which will be at the disposal of the several local

(8) See e.g. *The Employment and Social Insurance Reference* (1937) A.C. 355.

(9) J. A. Maxwell—*Federal Subsidies to the Provincial Governments in Canada*.

(10) *Confederation Debates* (Supra) page 67.

governments to enable them to administer the various matters of public policy which it is proposed to entrust to them, and it is evident that unless ample provision is made in the arrangements, great danger will arise that the machinery whereby the local wants of the people are intended to be met will speedily become impaired, causing complaint on the part of the inhabitants of the respective localities and involving considerable danger to the whole machinery of government."

The scheme as worked out and as incorporated into the British North America Act, provided for assistance from the Dominion to the provinces in four forms:

(a) **The Debt Allowances.** The Dominion of Canada was to assume the debts and liabilities of each province existing at the Union, but in order that such assumption should not be inequitable as among the provinces, the debt assumption took the form of a debt allowance of approximately \$25 per capita to each of the provinces.

(b) **The per capita Subsidies.** The Dominion was to pay each province an annual grant-in-aid equal to 80c per head of population as established by the census of 1861. For Nova Scotia and New Brunswick it was provided in addition that this grant was to be readjusted according to the population determined by each decennial census until such population should reach, in each case, 400,000 on which basis the grant was to be permanently made thereafter.

(c) **Grants for the Support of Government.** These were special annual subsidies to sustain the machinery of provincial governments, rather arbitrarily fixed as follows:

Ontario	\$80,000.
Quebec	70,000.
Nova Scotia	60,000.
New Brunswick	50,000.

It may be observed that on a per capita basis, this allotment favoured the Maritimes.

(d) **Special Grants.** The only special grant provided for in the British North America Act was one for \$63,000 per annum for ten years from the Union which was to be paid to New Brunswick only, to relieve her present financial difficulties. It is interesting to note that the only justification for this special grant to New Brunswick was on the basis of fiscal need of that province.

In the case of the Better Terms granted to Nova Scotia in 1869, the financial terms surrounding the admission of Manitoba in 1870, British Columbia in 1871, Prince Edward Island in 1873 and Alberta and Saskatchewan

in 1905, it is very evident that the actual basis employed in fixing the amount of subsidies was fiscal need. Very frequently, however, fiscal need masqueraded under the name of equality or even under a fiction as for example in the estimate of the population of British Columbia in 1871. The same may be said of the minor readjustments which have taken place between the Dominion and the various provinces throughout the years, as likewise of the general revision of subsidies in 1907 which resulted in an amendment to the British North America Act by the Imperial Parliament. (11)

That the original arrangement with reference to financial support for the provinces from the Dominion was based on the fiscal need of the various provinces, has been recognized frequently. In this connection Dr. R. A. MacKay, Professor of Political Science in Dalhousie University, has written as follows: "It thus seems clear that fiscal need was the paramount consideration behind the subsidies provided in the British North America Act 1867 and that the principle of equality of treatment as between the provinces and the question of the adequacy of financial return for lost taxing powers had to give way to fiscal need." (12) In the same connection, Dr. J. W. Dafoe in reviewing Maxwell's work, referred to above, has this to say: (13) "The shifts and expedients to which the Dominion Government resorted to hide from itself and the Canadian people the fact that it was paying out money to these provinces to meet inexorable fiscal needs, and to make a pretence that it was merely adjusting inconsistencies and oversights in the original set-up, makes a story which does not put Canadian politicians of those days in a favourable light. There was, however, more justification for their course than appears in Mr. Maxwell's interesting pages." The difficulties encountered by the various provinces in performing their obligations with the revenues available to them has been accentuated by the judicial interpretation placed upon certain portions of Sections 92 of the British North America Act. For example, head 2 of that Section, namely "direct taxation within the province in order to the raising of a revenue for provincial purposes" has received a very limited interpretation by the Courts. Whereas it seems probable that the intention of Parliament was merely to guard against an interference with customs and excise on the part of the provinces, the courts have given a very restricted interpretation, especially to the word "direct," which has seriously interfered with various attempts by the province to enlarge their revenues through taxation. (14)

It is not deemed essential that there should be included in this submission an analysis of the subsidies being presently paid to the various provinces, nor that a statement of the same should be included herein. In our opinion, the

(11) 7 Edward VII Cap. 11 (Imp.)

(12) Appendices: Province of Nova Scotia Royal Commission Provincial Economic Inquiry (1934) p. 24.

(13) Vol. XVIII. The Canadian Historical Review p. 327.

(14) See e.g. Provincial Treasurer of Alberta vs. Kerr, (1933) A.C. 710.

problem of financial adjustment cannot be settled on any principle of equality among the provinces in the sense that the term equality has been used in the past. For one thing, equality becomes an entirely useless word when the fact is that certain national policies have been in operation for many years which have operated in the direction of a disastrous inequality for a majority of the provinces. Moreover, as will be explained below, the basis on which the payment of subsidies to the provinces has been calculated has been most faulty. The past can give us little guide except to indicate certain errors that must be avoided. Financial arrangements must be calculated on an entirely different basis, having in view the experience of the past, the needs of the present, and the probable future. Having in mind also certain fundamental notions with reference to the character of the Federation and with reference to the philosophy of life within that Federation which have been postulated above and which will be elaborated in the following pages.

SUBSIDIES—UNSOUND BASIS OF ALLOTMENT

It has been noted above that under the terms of the British North America Act a large portion of the payment made from the Federal Treasury to each province was to be based on the population of that province. This method of allocation was continued in the revision of 1907, and to some extent the method became more pronounced. The revision of 1907 was concerned with two portions of the subsidy: (a) The Grants in support of Government. These grants were definitely placed on a sliding scale. Six categories were provided for, ranging from a yearly grant of \$100,000 to a province having a population of under 150,000, to a yearly grant of \$240,000 to a province with a population exceeding 1,500,000. (b) The grant based on population. This was fixed at eighty cents per head on the population of any province not exceeding 2,500,000, and at the rate of sixty cents per head on the portion of the population in excess of 2,500,000. Other elements of the subsidy payments, including special grants allotted to various provinces from time to time were left unchanged. A special grant for British Columbia was provided by this revision. No good purpose would be served by attempting a comparative study of the subsidies paid to the several provinces. There are so many variables in the sectional economy of Canada that any principle of comparative mathematical equality would be extremely misleading. As a matter of record it may be stated that the Dominion subsidies received by the Province of Saskatchewan on the basis of present population are as follows:

Support of Government	\$220,000.00
On population	744,708.80
Debt allowance	405,375.00
In lieu of lands	750,000.00
Total	<u>2,120,083.80</u>

In the case of the original arrangements concerning subsidies, and in the case of revisions of those arrangements there has been a consistent attempt to treat the result arrived at as a finality. With reference to the whole subsidy question, as a device for enabling the provinces to function in the federation, several observations are submitted.

(a) The attempt to establish a rigid scheme of payments was unfortunate. In a federation in which the provinces are unequally affected by national policies and in which there are so many variable factors in a changing social life, the attempt was bound to fail. The numerous revisions, numerous grants of better terms and the far more numerous complaints from the various provinces furnish some proof of this.

(b) Fiscal need may be accepted as a reasonable basis for the determination of the assistance that should be given to the provinces, it being conceded that the Dominion is entitled to certain safeguards, as for instance that a receiving province should exercise reasonable economy.

(c) Population does not necessarily give a uniform measure of fiscal need. The density of population, the incidence of national policies and many other factors may result in the burden of government varying from province to province. Yet the population subsidy is calculated on the uniform basis of eighty cents per head from coast to coast. The subsidy in support of government is open to the same criticism.

(d) The only element of elasticity in the whole subsidy structure is with reference to population changes. Apparently it was felt that the burden of provincial government would increase uniformly with growth of population. There is not necessarily a close relationship between the two.

(e) Finally, the existing subsidy arrangements take no account of the amazing growth of social services since the revision of 1907. And, it may be repeated, that no account is taken of the cumulative effect of certain national policies which work to the disadvantage of several provinces.

ADJUSTMENT NECESSARY FOR SASKATCHEWAN

A definite claim is being made on behalf of the Province of Saskatchewan for an adjustment of relations, in order that the functions of government may be performed and the needs of the people may be satisfied. A recapitulation of the factors analysed above would indicate that the Saskatchewan case should be rested on several propositions, for example:

(a) The fiscal need of the province is very great.

(b) The existing arrangement for the support of the provinces are inherently faulty.

(c) There has been a change in the concepts of political philosophy within recent years which has resulted in a tremendous burden being thrown upon the provinces.

(d) The Federal Government saw fit to open up the western country and to promote immigration thereto, consequently there is a special responsibility to see that the Canadian standard of living shall be maintained. It may be noted that the desire to promote immigration to the west seems to have influenced Parliament in withholding the natural resources from Alberta and Saskatchewan when these provinces were formed. (15)

(e) Federal policies have been most disadvantageous to the life of this province. Through a combination of protective tariffs, centralization of financial institutions in Central Canada and high transportation costs on railways running east and west, it is suggested that the development of the province is being strangled. The impact of the protective policy bears most heavily upon Saskatchewan.

AN APPROACH TO A FORMULA OF ADJUSTMENT

In casting about for principles with reference to which the problem before the Commission may be determined, it is submitted that certain premises will be accepted:

(a) The fiscal need of each province is a fundamental consideration. In estimating fiscal need, the capacity of the province to perform its constitutional obligations is to be considered, as well as the obligation, inherent in the federation, that the people of each province shall enjoy the Canadian standard of living.

(b) The fiscal need of several provinces will be conceded quite readily.

(c) Generally speaking, it is a sound principle that the responsibility of raising money should rest upon the one who spends it. This rule seems to make for economy among individuals and probably holds for governments as well. The present Prime Minister of Canada has frequently gone on record in

(15) "I can only repeat that the Dominion Government under the necessity of the case, under our system of Confederation, necessarily has a greater interest in securing the establishment of a settler upon land in the North West than the provincial government has. As I understand it, the Dominion revenue is principally derived from customs and excise and each individual in the country contributes on an average about \$8 or \$40 per head for a family of five. I do not know that these figures are exactly correct, but they will do for the purpose of comparison. When you consider the different expenditure of those settled upon lands in the North West as compared with dwellers in Eastern cities, I think it will be admitted that a family in the North West Territories is worth a great deal more than \$40 per year to the Dominion revenue. I would be inclined to think that such a settler's family established on their land would be worth \$100 per year instead of \$40. To the provincial revenue they are worth absolutely nothing, the Province does not levy direct taxation upon these settlers." Hon. Frank Oliver, House of Commons Debates, (1905), p. 5993.

favour of this principle. (16) So also have statesmen of an earlier day. Sir Wilfrid Laurier, for instance, speaking in the House of Commons in 1905, said this: (17) "It is a sound principle of finance, and a still sounder principle of government, that those who have the duty of expending the revenue of a country should also be saddled with the responsibility of levying and providing it." To this as a general principle, all will agree. The necessities of the situation, however, may justify an exception.

By what formula can these difficulties be resolved? It is suggested that a guide may be found in the following analysis:

(a) As far as possible the adjustments in the direction of lightening the burden of the provinces should be met by the transfer of constitutional duties to the Dominion. But there will be limitations to this method: (1) The danger of disrupting controversies due to the existence of economic regionalisms and divergent group philosophies. In this connection, for example, a dominion-wide programme in support of education might be extremely dangerous. (2) A lack of appreciation of local needs by the central authority. (3) The difficulties of inspection over such a wide geographical area.

(b) It will be recognized that there is a distinct limit to the duties that can be transferred to the Dominion. Supplementary measures for the relief of the provinces may be looked for in (1) Ameliorative federal legislation, e.g., by a drastic reduction in the customs tariff, (2) Increased subsidies. The opinion may be expressed that the systems of cash payments from the federal treasury to the provinces has not been a failure. (18) But it will be suggested that an element of flexibility, sadly lacking in the past, should be introduced.

A BALANCED BUDGET NOT THE SOLE QUESTION

In the opinion of the Government of Saskatchewan the task of the Royal Commission on Dominion-Provincial relations must not stop short with recommendations that will result in balanced budgets for the various provinces. No one will deny the desirability of a balanced budget and the necessity of achieving a sound structure of public finance in each province. But it must be pointed out that a balanced budget is only a means to an end. The real problem is the well-being of the people. A budget may be balanced on the poverty or even misery of the people. This inquiry must not stop short of meeting the real issue. In particular it is desired to indicate two possibilities that must be guarded against.

(16) See e.g. Debate on Old Age Pensions, House of Commons Debates (1931) page 3965 et. seq.

(17) House of Commons Debates (1905) page 1434.

(18) See Opinion of Hon. W. S. Fielding to this effect—House of Commons Debates (1905) page 5453.

(a) The possibility that the fundamental question of national policies may be ignored. This substantially happened in the case of the Duncan Commission of 1925 appointed to investigate Maritime claims. (19)

(b) There is also a distinct possibility that the claim of Saskatchewan for financial adjustments may be dismissed in the belief that the present economic distress in this province is to be attributed in the main to the drought from which the province has suffered for several years. The problem of drought is a serious one, but it is submitted that it is only a part of the fundamental weakness of the economy of this province. It is distinctly arguable that the financial crisis of the last eight years has been due quite as much to the fundamental weakness of an economy which is based almost entirely on the production of a single commodity, namely, wheat. It is contended therefore, that the claims of this province cannot be dismissed in the belief that prosperity will return when production of wheat on a large scale is resumed. The long-term economy of the province must be examined and this examination must include the effect of national policies upon it.

THE INSURANCE PRINCIPLE APPLICABLE TO SASKATCHEWAN

The economy of Saskatchewan presents difficulties not found in other provinces to so marked a degree. Not only are the financial resources of government inadequate for a proper performance of the constitutional obligations of the province, but there is another difficulty, namely the extreme variability of income from year to year. Individuals can readily appreciate the difficulty of meeting their obligations on a wildly fluctuating income. It is suggested that the difficulties of public finance under such circumstances are even more pronounced.

It is submitted, therefore, that as far as possible, the insurance principle should be resorted to in order that the economic life of Saskatchewan be placed upon a firm foundation.

(19) For a possible explanation see The Canadian Forum, Aug. 1934, p. 425 (Mr. Geo. Farquhar.)

PART III

Public Finance

A—PROVINCIAL

Any present survey of financial principles or operations relating to the Government of the Province of Saskatchewan should be approached with a recognition of the distinctive nature of the experiences of the Province—particularly the singular experience of the past eight years.

In appendix A the first statement shows, in condensed form, the financial position of the Province as at April 30, 1937, divided as between Capital, Revenue, Trust and Relief. The significant features indicated by this statement are:

1. The magnitude of funded debt and treasury bills.
2. The substantial amount required to liquidate accumulated deficits and deferred charges.

With reference to the magnitude of funded and treasury bill indebtedness, it is illuminating to observe that while 31 per cent. of same was incurred in the first twenty-four years of operation as a province, the remaining 69 per cent. has been incurred during the past eight years. The following table sets forth in comparative form the above referred to class of indebtedness as it existed immediately prior to the period of drought and depressed agricultural prices and as it stood at April 30, 1937.

Funded and Treasury Bill Indebtedness as at the End
of the Fiscal Years Indicated

	1929	1937	Increase
Stock and Debentures	\$58,275,776	\$124,043,320	\$ 65,767,544
Treasury Bills	4,599,272	75,758,532	71,159,260
Totals	\$62,875,048	\$199,801,852	\$136,926,804

The "net" funded and treasury bill indebtedness at April 30, 1937, together with a division of the holders of the province's treasury bills is shown by the following summary:

**Net Funded and Treasury Bill Indebtedness as
at April 30, 1937**

Stock and Debentures		\$124,043,320
Treasury Bills:		
Held by Dominion Government	\$63,425,347	
Held by others	12,333,185	75,758,532
		<hr/>
		\$199,801,852
Less: Sinking Funds		11,414,644
Net public Debt, exclusive of bank overdrafts and accounts payable		<hr/>
		\$188,387,208

In addition to the indebtedness set forth above, there existed, as at April 30, 1937, the following direct liabilities:

Bank overdrafts	\$1,443,412
Accounts Payable and Accrued Interest	5,935,145
	<hr/>
	\$7,378,557

So as to gain a true picture of the direct debt of the province as at April 30, 1937, (exclusive of realizable assets) there should be deducted not only sinking funds but also treasury bills held by the Dominion Government which are to be cancelled or reduced upon submission by the province of certain requested information. The gross direct debt less these deductions may be conveniently summarized in the following manner:

Stock and Debentures	\$124,043,320	
Treasury Bills	75,758,532	
	<hr/>	\$199,801,852
Less: Sinking Funds	\$11,414,644	
Treasury Bills, Write-downs and Cancellations	28,400,000	
	<hr/>	39,814,644
		<hr/>
		\$159,987,208
Bank overdrafts		1,443,412
Accounts Payable and Accrued Interest		5,935,145
		<hr/>
		\$167,365,765 ✓

A debt of the magnitude shown above may be better appreciated when considered in conjunction with accumulated deficits and deferred charges.

Deficits and Deferred Charges as at April 30, 1937

Deficit on Relief Account	\$61,294,395.92
Deficit on Revenue Account	9,709,626.54
	<hr/>
	\$71,004,022.46
*Less: Surplus on Capital Account	731,741.69
	<hr/>
	\$70,272,280.77
Unamortized Debt Discount and Expense	5,621,256.92
Other Deferred Charges	2,305,268.06
	<hr/>
	\$78,198,805.75
	<hr/>

*(Exclusive of unsold School Lands and capitalized subsidy in lieu of debt.)

Contingent liabilities of April 30, 1937 amounted to \$37,312,658.00 exclusive of 1937 Seed Grain Guarantees which will be in excess of six and a half million dollars. A detailed statement of contingent liabilities is included in the appendix. The possibility of the province being called upon to implement Railway Guarantees of approximately \$27,400,000.00 is considered rather remote, so that contingent liabilities may reasonably be thought of as amounting to approximately ten million dollars plus 1937 Seed Grain Guarantees.

As indicated earlier, the tremendous increase in gross bonded and treasury bill indebtedness occurred during the period 1929-1937. However before analysing this later period it is desirable to review briefly the financial operations of the province up to and including the year 1928-1929.

Fiscal Years 1905-1921.

After sixteen years of life as a province, Saskatchewan had a bonded and treasury bill indebtedness that compared most favourably with that of Manitoba and Alberta. On a per capita basis bonded debt was but slightly more than half that of either of her neighbouring provinces.

COMPARATIVE STATEMENT OF BONDED AND
TREASURY BILL DEBT

Prairie Provinces—1921

	Manitoba	Saskatchewan	Alberta
Bonded Debt	\$64,168,058.00	\$44,077,189.00	\$59,010,257.00
Per Capita	105.17	58.19	100.36

While expenditures, both ordinary and capital, increased rapidly during the period 1911-1921, the increase was a natural one and not out of line with the physical expansion taking place in the province. Population increased 265,000 or 54 per cent; railway mileage increased approximately 100 per cent; the number of farms increased from ninety five thousand to one hundred and nineteen thousand and the area of occupied farms from twenty eight million to forty four million acres. The large increase in settlement and the size of the geographic area being settled, naturally demanded an enlargement of the judicial system, the opening of new schools, with a consequent increase in education costs, and an extension of roads and bridges, involving additional capital and maintenance costs. As the province had entered the telephone business, capital expenditures of a considerable amount were required for extension of the system. As stated above, while governmental expenditures increased rapidly during this period, the increase was essential rather than prodigal. Despite the marked increase in costs of discharging governmental functions, Saskatchewan occupied a fairly strong financial position at the close of 1921. The trend of revenues and expenditures on income account is indicated in condensed form by Table I.

As substantially representing the sale of stock, debentures and treasury bills to April 30, 1921, the following statement of capital expenditures and advances is of interest:

Public Buildings and Lands	\$13,511,005	
Public Improvements	8,096,407	
		<hr/>
		\$21,607,412
Advances to Department of Telephones	\$11,151,976	
Advances to Sask. Farm Loan Board	6,984,018	
Advances to Sask. Co-op. Elevator Co.	3,075,244	
		<hr/>
		21,211,238
		<hr/>
		\$42,818,650
		<hr/>

Fiscal Years 1921-1929

Despite a slight increase in revenues for the years 1921, 1922 and 1923, the increases in expenditures were such as to produce an aggregate deficit on revenue of approximately \$2,263,000. The adverse results of these years of operations provoked a policy of retrenchment during 1924 and 1925, and the careful husbanding of cash during these two years was reflected by balanced budgets on revenue account for 1924 and 1925.

A new source of revenue was provided as a result of the assumption by the province of the control and sale of intoxicating liquors in 1925. While

TABLE I

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES—INCOME ACCOUNT FOR THE FISCAL YEARS INDICATED

	Revenues			Expenditures		
	1911	1916	1921	1911	1916	1921
Dominion Government..	\$ 1,329,063	\$ 1,950,660	\$ 3,088,646	Debt Charges	\$ 192,813	\$ 1,093,707
Taxation	154,699	299,003	3,424,316	Legislation	57,101	236,161
Licenses	164,470	195,188	1,133,954	Administration and		
Fees	529,330	1,062,810	1,202,164	General Government..	320,164	541,728
Interest	17,689	391,608	930,572	Education	489,858	989,406
Miscellaneous	200,256	559,960	659,604	Legal and Judicial		
				Administration	431,071	999,902
				Transportation and		
				Communications	445,460	296,785
				Public Welfare	192,059	434,511
				Agriculture and Public		
				Domain	238,406	228,903
				Other Ordinary		
				Expenditures	27,287	23,498
Total Revenues	\$2,395,507	\$4,459,229	\$10,439,256	Total Expenditures ...	\$2,394,219	\$4,844,601
						\$10,732,682

(The above table is exclusive of collections and disbursements of the supplementary revenue tax which was treated as trust money in the Public Accounts.

a major part of the profits accruing from this enterprise was initially earmarked for debt retirement purposes, financial difficulties soon compelled the province to credit an ever-increasing portion directly to income account.

Table II indicates the trend of revenues and expenditures on income account for the years 1921 and 1926. It is significant to observe that despite an increase of some \$2,400,000.00 in revenues, expenditure increases for education and public welfare amounted to \$2,300,000.00. It should be pointed out that the increase in revenues is exclusive of slightly in excess of one million dollars of liquor profits set aside for immediate and future debt retirement purposes.

During the 1921-26 period, the evolving concept of the responsibilities of government forced itself very definitely into provincial expenditures. While old age pensions had not as yet entered the field of provincial functions, it may be noted from the detailed statements in the appendix that the cost of mothers' allowances for 1926 was three times that of 1921. Exclusive of grants paid from proceeds of the supplementary revenue tax in 1921, the cost of education for 1926 was double that of 1921. Similarly the cost of mental institutions and control of communicable diseases shows a very marked increase. As the increase in population during this five-year period was but 8 per cent. the upward trend in social service costs reflects the changing concepts of the functions of governments rather than an increase due to increased population.

Although the aggregate of capital advances to the Department of Telephones, Farm Loan Board and Co-operative Elevator Company did not advance during the period 1921-1926, investment in public buildings, lands and improvements increased from \$21,600,000.00 to \$30,700,000.00, with almost sixty per cent. of the increase coming in the years 1922 and 1923. Although some \$18,500,000.00 of advances was due from the Telephones and Farm Loans at the end of the fiscal year 1926, the fact that these enterprises had been able to meet their interest requirements seems to have prevented any apprehension that might have been experienced at the magnitude of these advances.

The period 1925-1928 witnessed four years of remarkable prosperity in the province. Large crops and reasonably high prices combined to produce an agricultural income that gave buoyancy to provincial revenues. During the period 1925-1928 the province took advantage of lowered interest rates to refund some six million dollars of its higher interest bearing debt at a coupon rate of 4½ per cent, and in addition issued new loans amounting to approximately ten and one-half million dollars, for other than Farm Loan purposes, at a corresponding rate.

An examination of the Balance Sheet of the province of April 30, 1929, (statement 9 in appendix A to this report) would by itself appear to indicate

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

Revenues		Expenditures	
1921	1926	1921	1926
<div> <div> Dominion Government</div> <div>Taxation</div> <div>Licenses</div> <div>Fees</div> <div>Interest</div> <div>Liquor Profits</div> <div>Miscellaneous</div> </div>	<div> <div>\$ 3,088,646</div> <div>3,424,316</div> <div>1,133,954</div> <div>1,202,164</div> <div>930,572</div> <div>700,000</div> <div>659,604</div> </div>	<div> <div>\$ 2,835,659</div> <div>4,305,628</div> <div>1,998,153</div> <div>918,086</div> <div>1,250,967</div> <div>700,000</div> <div>819,563</div> </div>	<div> <div>\$ 2,836,138</div> <div>379,594</div> <div>331,688</div> <div>1,458,482</div> <div>1,913,016</div> <div>1,220,707</div> <div>3,763,380</div> </div>
		<div> <div>Debt Charges</div> <div>Legislation</div> <div>Administration and General Government</div> <div>Education</div> <div>Legal and Judicial Administration</div> <div>Transportation and Communications</div> <div>Public Welfare</div> <div>Agriculture and Public Domain</div> <div>Other Ordinary Expenditures</div> </div>	<div> <div>\$ 2,259,605</div> <div>1,241,216</div> <div>1,038,101</div> <div>1,761,799</div> <div>328,613</div> <div>173,873</div> </div>
Total Revenues	\$10,439,256	\$10,732,682	\$12,743,421

a relatively strong financial position. Had the province's financial structure been flexible, rather than possessing the rigidity it did, it is hardly conceivable that the partial crop failure of 1929 followed by the more serious failure of 1930 would have so decisively exposed the vulnerability of provincial finance. This condition of rigidity in provincial finance existed despite a fairly general economic administration on the part of the province over a long period of years.

When the population of the province is considered in relation to its settled area, a net bonded and treasury bill indebtedness of sixty million dollars, at April 30, 1929, can hardly be considered as reflecting wanton extravagance in capital expenditures. Especially is this true when collateral consideration is given to a natural desire on the part of those entrusted with the administration of provincial affairs to provide a scattered population of mid-continent location with certain of the modern conveniences and amenities of life.

Fiscal Years 1929-1937

Commencing with a partial crop failure in 1929 and continuing with much more serious failures to date, the province has experienced an unprecedented period of reduced agricultural income—unprecedented from the standpoint of yield and also from the standpoint of price obtained. As would be expected in an economy so wholly dependent upon agriculture, the maintenance of a substantial portion of the population on relief together with various forms of agricultural assistance, entailed expenditures of tremendous proportions.

A survey of the fiscal years 1929-1937 naturally divides into an examination of the usual revenues and expenditures of the province and those relating to relief. So as to complete the rather cursory examination already made of "usual" provincial finances, it would seem desirable to deal with that feature first.

Capital Expenditures 1929-1937

During the eight-year period under review, a marked increase occurs in bonded and treasury bill indebtedness attributable to capital expenditures and capital advances. Because of the size of these expenditures and advances it is essential that each be dealt with separately.

Provincial Lands, Buildings and Furnishings.

The Balance Sheet of April 30, 1929 reveals an investment in the above, as of that date, of \$20,487,000.00; as of April 30, 1937 this had increased to \$23,974,000.00, or a net increase of approximately \$3,500,000.00. Better than ninety per cent. of this increase occurred during the years 1929-30,

1930-31 and 1931-32. For the ensuing five years capital expenditures under this heading were relatively insignificant. The following statement indicates the main purposes for which capital expenditures were made during the first three years of this period.

Sanatorium—Prince Albert	\$ 911,000
Mental Hospitals:	
Weyburn	\$718,800
Battleford	275,000
	<hr/> 993,800
Education:	
School for the Deaf—Saskatoon	\$451,400
University of Saskatchewan	337,600
Normal Schools	131,900
	<hr/> 920,900
Highway Warehouses	286,000
Court Houses and Land Titles Offices ..	172,100
	<hr/> \$3,283,800
	<hr/>

The essential necessity of the expenditures under the first three main headings can hardly be questioned by anyone at all familiar with conditions in the province in the late "twenties".

Public Improvements (Roads, Bridges, Etc.)

As of April 30, 1929 investment in roads, bridges, etc. amounted to \$15,563,000.00, and as of eight years later \$31,048,000.00, a net increase of almost \$15,500,000.00. Of this increase, in excess of \$14,600,000.00 represented expenditures made in the years 1929-30, 1930-31 and 1931-32. The Public Accounts for those three years reveal the following annual capital expenditures for Public Improvements:

1929-30	\$ 3,668,000
1930-31	7,979,903
1931-32	3,000,000
	<hr/> \$14,647,903
	<hr/>

In addition to the above, approximately four million dollars was spent on roads and bridges that was charged to relief during the period 1930 to 1932.

Commencing with 1933, highway expenditures for both capital and revenue purposes were drastically reduced and this policy has continued to date. This

policy of deferring maintenance is one which cannot be continued longer if a loss of gas tax revenues and also a loss of capital investment is to be avoided.

Saskatchewan Farm Loan Board.

The Board was incorporated in 1917 by the Provincial Legislature, Chapter 25 of the Statutes 1917, with power to lend money to agriculturists on the security of first mortgages secured on farm lands within the province. No loan can exceed 50% of the Board's valuation of the security and all loans are made for a term of 30 years, repayable in equal annual instalments of principal and interest on November 1st of each year.

Under the Act of Incorporation the working capital was stated to consist of such moneys as might be advanced from time to time by the Provincial Treasurer. The Provincial Treasurer was originally authorized to borrow for that purpose five million dollars. This authorization was however increased from time to time until in 1931 Chapter 58 of the Statutes of that year set it at twenty million dollars.

The Board was to be charged with the effective cost of money raised by the province for Farm Loan purposes. On money advanced by the Board the rate of interest charged was 6½ per cent. This rate remained in effect until 1934, when by an Act of the Legislature the rate was reduced to 5 per cent. This reduction was retroactive to November 1, 1931, and was to continue until October 31, 1935.

From the commencement of the Board's operations to December 31st, 1936, some 6,634 loans were made, amounting to slightly over seventeen million dollars.

The Balance Sheet of the Board as of December 31, 1936, is included as statement 3 in appendix A. It will be observed from a study of this Balance Sheet that after making provision for reserves of \$3,500,000.00, a deficit of \$4,370,185.64 existed. Of the \$3,500,000.00 of Reserves, \$1,500,000.00 was set up to provide for the cancellation of interest on agreements of sales and mortgages in the drought and marginal area to December 31, 1934. The actual cancellation of this interest amounted to \$1,515,265.76. That the \$2,000,000.00 provide as a reserve for general losses is not excessive is indicated by the amount of principal in arrears and the amount of foreclosed loans.

In addition to net advances of \$16,440,551.12 for capital and administration purposes, the Board owed the Government in excess of three million dollars for interest.

In view of the deficit of 4 1-3 million dollars shown by the most recent Balance Sheet of the Board, it would seem most sanguine for the province to anticipate a lesser amount as its ultimate loss on advances for farm loan purposes.

Department of Telephones.

During the period 1929 to 1932, the indebtedness of the Department of Telephones to the Provincial Treasurer, exclusive of loan costs, increased from \$11,071,933.63 to \$12,772,416.95. From May 1, 1933 to April 30, 1937 no further advances were made, and the Department succeeded in reducing this indebtedness to \$12,152,204.30 in addition to making a small annual contribution for Sinking Fund purposes.

The Balance Sheet of the Department of Telephones as at April 30, 1937 is included as statement 4 in the appendix. It would seem reasonable to assume that the Department of Telephones will in the future, as in the past, continue to be in a position to reimburse the Government for interest on debt incurred for telephone purposes.

Saskatchewan Power Commission.

Early in 1927 the Provincial Government appointed a Royal Commission to inquire into and report upon the economic practicability of generating power at central power plants and water power sites in the Province and the distribution of such power. The Royal Commission issued its report on July 12, 1928. As a result of this report legislation was passed at the 1928-29 session establishing the Saskatchewan Power Commission.

The Power Commission is both an administrative body and an operating body. In the former capacity it is authorized to make rules and regulations, with the approval of the Lieutenant Governor in Council, regarding the operation and maintenance of plants and lines by municipalities, power companies and others, with a view to insuring proper standards and conditions of safety. The Commission also possesses administrative control over the construction of new power plants or systems and the extension of existing power facilities. In its capacity as an operating body the Commission's fixed capital investment was \$7,500,000.00 as of December 31, 1936, with reserves of approximately \$1,760,000.00.

The Capital indebtedness of the Commission to the Government at April 30, 1937 amounted to \$6,579,000.00, exclusive of loan costs, made up of the following annual aggregate advances:

Capital Advances to Saskatchewan Power Commission
for the Fiscal Years Indicated

1929	\$ 500,000
1930	1,700,000
1931	3,200,000
1932	661,000
1933	250,000
1934	115,000
1935	35,000
1936	38,000
1937	80,000
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Total	\$6,579,000
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The capital advances made to the Commission during the past four years cannot be considered as a basis on which to estimate its capital requirements for ensuing years. With anything like a return to normal prosperity throughout the province, additional plant capacity will be required, necessitating substantial capital advances.

The Balance Sheet of the Power Commission as of December 31, 1936, appears in the appendix as statement 5. The ability of the province to salvage its investment in the event of sale of the properties of the Commission would depend, of course, upon the adequacy of the reserves provided to date and the value attached by the purchaser to the potential earning capacity of the property. At this time it is not anticipated that the province will suffer a loss on its investment in the Power Commission.

Saskatchewan Co-operative Wheat Producers, Limited.

Due to the fall in prices of grains the 1929 initial payment made by the Wheat Pools of Alberta, Saskatchewan and Manitoba to growers resulted in a heavy deficit to the Pools. These initial payments were financed by the Canadian Co-operative Wheat Producers, Limited, through a group of seven Canadian banks.

With the fall in grain prices, the security held by the banks became inadequate and led to the possibility of a forced liquidation of stocks on hand.

In order to prevent this the Governments of the Prairie Provinces guaranteed the repayment of advances so made to the Canadian Co-operative Wheat Producers, Limited. The guarantee was given in March 1930 in respect of grain delivered to the Pools between August 1, 1929 and August 1, 1930. In order that the Government might be protected against this contingent liability, security was given it against the real and personal property of the Pool and its subsidiary companies. In August 1930, the three Provinces gave an additional guarantee to the lending banks for amounts required to complete the financing of the 1929 crop.

The final liability of the Provinces under their guarantee to the lending banks, calculated to September 30, 1931, after disposal of the 1929 crop, amounted to \$22,217,302.25, divided as follows:

Alberta	\$ 5,536,707.49
Manitoba	3,374,939.78
Saskatchewan	13,305,654.98
	<hr/>
	\$22,217,302.25
	<hr/>

Ultimate settlement was made by Saskatchewan with the lending banks by the latter accepting \$13,752,000.00 of 4½% provincial bonds at 98. The agreement between the Pool and the Government provides for the retirement of this amount by equal yearly payments of principal and interest spread over 19 years, interest to run at five per cent. In addition to the payments provided by the agreement there was a small initial payment made by the Pool to the Government.

The indebtedness of the Pool to the Government, relative to principal, at April 30, 1937 was \$11,584,552.22.

In view of the security of approximately fifteen million dollars of fixed assets, on a depreciated basis, held by the Government against this indebtedness no loss at this time should be contemplated.

It should be noted that principal repayments made to the Government are deposited in the Sinking Fund to provide for the retirement of bonds issued for Wheat Pool Purposes.

Saskatchewan Co-operative Creameries Limited.

On the creation of the Province of Saskatchewan, responsibility for government creameries, supported up to then by the Dominion, was transferred to the province. In 1906 the Dairymens Act was passed by the new legislature.

This Act and subsequent amendments made provision for organizing the existing and new creameries on a co-operative basis and for loans to assist in establishing new creameries. Loans provided for in the Act were carried on with a circulating fund provided by the government. Each creamery was a unit as to location, construction, financial and local management, with what was practically general management by the government.

In 1917 under a new Act of the legislature the sixteen individual co-operative creameries were amalgamated into one company under the name of the Saskatchewan Co-operative Creameries Limited. In 1927 this latter company absorbed Caulder's Creameries Limited. Upon completion of the absorption the Saskatchewan Co-operative Creameries operated some fifty-five creameries in Saskatchewan and one in Winnipeg.

In addition to advancing money for the acquisition of voting stock in the Saskatchewan Co-operative Creameries, Limited held by J. A. Caulder, the government has been called upon to implement substantial guarantees relative to bank loans of the creamery.

As of April 30, 1937 the province had owing to it, by the above company, \$2,760,712.44 of principal advances plus \$292,247.31 of interest or a total of approximately three million dollars. The company is presently in the hands of a Receiver and while it is conjectural as to the ultimate loss the province will suffer, it will undoubtedly be substantial.

Capital Expenditures and Advances—Summary.

As evidenced by the foregoing remarks, capital expenditures and capital advances made during the period 1929-1937 have contributed very materially to the increase in public debt. Advances due from the Wheat Pool, Telephones and Power Commission aggregating some \$30,500,000.00 may be considered as investments that will not cause a hardship from the standpoint of provincial debt charges, as these enterprises will undoubtedly prove self-sustaining, in so far as interest is concerned.

With respect to the Power Commission, capital requirements will undoubtedly increase much beyond the requirements of the past four years.

The outlook relative to the Farm Loan Board and the Co-operative Creameries can scarcely be viewed with particular optimism.

As stated heretofore, the retrenchment policy of the 1933-37 period with reference to public buildings and public improvements has reached its limits and substantial provision will have to be made almost immediately for raising capital money for these purposes if the province is to function satisfactorily.

Revenues and Expenditures—Income Account.

With the increases of the past few years in gas tax, motor licenses, corporation and succession duties tax as well as in public revenues tax, and with the introduction of a provincial income tax and education tax, it is generally agreed that taxation for provincial purposes has reached its limits. Reference to this is dealt with in the division of this submission relating to taxation.

Despite the material increases in taxation of the past few years, revenue expenditures have continued in excess of revenue receipts, with resulting revenue deficits occurring annually. Two factors have been mainly responsible for this condition.

1. An almost phenomenal rise in annual debt charges
and
2. An ever-increasing financial burden due to an evolving concept of the functions of a Provincial Government.

A summary tabulation of revenue receipts, in comparative form, covering a period of years, is set forth in Table III. Revenue receipts appear in detail in statement—13 in the appendix.

As indicated by this table the most important single source of revenue is the Dominion Subsidy and School Lands Fund. Historically, the foundation of all provincial revenue systems has been the Dominion Subsidy. In total, the subsidy for Saskatchewan has approximated two million dollars for a period of years. The Dominion Lands Act set aside two sections in every surveyed township for the purpose of education. This land has been sold from time to time and a School Lands Fund was created out of the proceeds of these sales. The fund is administered by the Provincial Government, interest from the Fund being required to be expended for educational purposes.

In addition to the Dominion Subsidy and School Lands Fund there are three important non-tax sources of provincial revenue.

(1) The most important of these three is interest received by the Province on its advances to the Department of Telephones, Power Commission, Wheat Pool, Farm Loan Board, Co-operative Creameries and other proprietary activities.

(2) Operations of the Saskatchewan Liquor Board produce a very substantial amount of non-tax revenue. While the profits from this source have diminished greatly during the past few years, with a return to more prosperous times liquor profits should annually amount to at least two million dollars.

TABLE III

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

CONDENSED STATEMENT OF REVENUES — INCOME ACCOUNT FOR THE FISCAL YEARS INDICATED

(in thousands of dollars)

	1911	1916	1921	1926	1931	1932	1933	1934	1935	1936	1937
Dominion Subsidy	\$1,230	\$ 1,711	\$ 1,753	\$ 1,851	\$ 1,938	\$ 2,113	\$ 2,113	\$ 2,129	\$ 2,145	\$ 2,145	\$ 2,120
School Lands	99	240	1,335	985	1,197	830	980	985	1,053	1,171	1,022
Taxation	155	299	3,424	4,306	4,687	3,308	4,902	4,663	4,282	5,687	5,748
Licenses	165	195	1,134	1,998	2,119	1,234	1,715	1,573	1,379	1,499	1,850
Fees	529	1,063	1,202	918	965	745	724	781	747	881	976
Interest	18	391	931	1,251	1,173	1,552	2,274	2,165	1,991	2,533	2,440
Public Domain	—	—	—	—	285	523	397	359	421	497	497
Liquor Profits	—	—	—	700	1,364	843	1,065	919	1,028	1,279	1,451
Old Age Pension Refunds	—	—	—	—	488	1,220	1,343	1,351	1,481	1,610	1,739
Miscellaneous	200	560	660	819	618	755	665	678	641	433	422
Total Revenues	\$2,396	\$4,459	\$10,439	\$12,828	\$14,834	\$13,123	\$16,178	\$15,603	\$15,168	\$17,735	\$18,265

(3) A further non-tax revenue accrues from the sale and leasing of provincial resources, and from miscellaneous fees and licenses collected by the Department of Natural Resources.

Taxes and Licenses produced 45 per cent. of provincial revenues for 1936-37, exclusive of old age pension refunds. Of a total of 7.6 million dollars realized in 1936-37 from taxes and licenses, in excess of ninety per cent. was obtained from six main sources,—Corporations, Railways, Public Revenues, Gasoline and Income Taxes and Motor Licenses.

Table IV presents in a slightly different way the principal sources of provincial revenues covered by Table III.

A condensed statement of provincial expenditures is given in Table V for the same fiscal years covered by the comparative statements of revenue, and in detail in statement—14 in the appendix.

Debt charges accounted for in excess of 40 per cent. of expenditures for 1937, and bulks by far as the largest single item of expenditure. While this item of expense is partially offset by interest receipts, the net magnitude it has assumed in recent years may be better appreciated when it is realized that "net" debt charges have more than tripled since 1921. As this comparison is exclusive of interest on relief indebtedness, the trend is all the more significant. When interest on relief indebtedness is included debt charges for 1937 amounted to 49 per cent. of ordinary expenditures and 52 per cent. of ordinary revenues.

Public welfare and education expenditures combined to surpass even debt charges in relation to total expenditures, accounting for over 40 per cent. of 1936-37 expenditures. Public welfare expenses are considerably offset by refunds of Old Age Pensions. In 1921 these two classes of expenditure totalled approximately \$3,200,000.00 as compared with over \$6,300,000.00 for the fiscal year 1936-37, after deduction of Old Age Pension Refunds of over \$1,739,000.00.

With ^{more than} ~~an excess of~~ 80 per cent. of provincial expenditures being utilized for debt charges and education and public welfare expenses, it is evident that substantial adjustments will be necessary if a balanced budget is to be achieved. These adjustments may involve one or more of the following:

- (1) A substantial scaling down of interest rates.
- (2) An assumption by the Dominion of a greater portion of the cost of social services.
- (3) Increased subsidies.

(Detailed statements relating to the finances of this province are included in appendix A to this submission.)

TABLE IV

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

COMPARATIVE STATEMENT OF PRINCIPAL SOURCES OF REVENUE—INCOME ACCOUNT FOR THE FISCAL YEARS INDICATED

(in thousands of dollars)

	1911	1916	1921	1926	1931	1932	1933	1934	1935	1936	1937
	\$ 1,230	\$ 1,711	\$ 1,753	\$ 1,851	\$ 1,933	\$ 2,113	\$ 2,113	\$ 2,129	\$ 2,145	\$ 2,145	\$ 2,120
Dominion Subsidy	99	240	1,335	985	1,197	830	980	985	1,053	1,170	1,022
School Lands	18	391	931	1,251	1,173	1,552	2,274	2,165	1,991	2,533	2,440
Interest	51	167	417	487	583	521	752	705	588	615	571
Corporation Tax	64	87	107	349	404	190	618	404	(Paid in	808	404
Railways Tax									1936)		
Public Revenues Tax	—	—	1,776	2,449	1,254	1,021	1,390	1,484	1,562	1,666	1,728
Income Tax	—	—	—	—	—	—	404	372	297	425	551
Succession Duties	40	44	324	333	318	199	177	149	223	324	311
Gasoline Tax	—	—	—	—	1,919	1,211	1,394	1,421	1,499	1,749	2,098
Motor Licenses	5	111	946	1,718	1,885	1,027	1,536	1,394	1,199	1,315	1,607
Liquor Profits	—	—	—	700	1,364	843	1,065	919	1,028	1,279	1,451
Public Domain	—	—	—	—	285	523	397	359	421	497	497
Old Age Pension Refunds	—	—	—	—	488	1,220	1,343	1,351	1,481	1,610	1,739
Miscellaneous	889	1,708	2,850	2,705	2,026	1,873	1,735	1,766	1,681	1,599	1,726
Total Revenues	\$2,396	\$4,459	\$10,439	\$12,828	\$14,834	\$13,123	\$16,178	\$15,603	\$15,168	\$17,735	\$18,265

TABLE V

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN CONDENSED STATEMENT OF EXPENDITURES — INCOME ACCOUNT FOR THE FISCAL YEARS INDICATED

(in thousands of dollars)

	1911	1916	1921	1926	1931	1932	1933	1934	1935	1936	1937
Debt Charges	\$ 193	1,094	2,260	2,836	\$ 3,820	\$ 5,351	\$ 5,951	\$ 6,452	\$ 6,548	\$ 6,889	\$ 7,039
Legislation	57	236	332	380	300	206	186	182	380	178	169
Administration and Gen. Govt.	320	542	1,458	1,221	1,674	1,617	1,448	1,344	1,335	1,328	1,404
Education	490	989	1,913	3,763	4,252	4,327	2,817	2,415	2,675	3,078	2,876
Legal and Judicial Ad- ministration	431	1,000	1,419	1,241	1,353	1,300	1,037	1,011	961	914	947
Transportation and Com- munications	446	297	1,053	1,038	2,101	971	650	754	802	807	935
Public Welfare	192	435	1,281	1,762	4,167	4,221	4,043	4,106	4,458	4,704	5,169
Agriculture and Public Domain	238	229	791	329	807	754	533	635	590	601	727
Other Ordinary Expend- ture	27	23	226	174	217	197	91	98	123	166	128
Total Expenditure	\$2,394	\$4,845	\$10,733	\$12,744	\$18,691	\$18,944	\$16,756	\$16,997	\$17,877	\$18,665	\$19,394

RELIEF 1929-1937

During the years 1925 to 1928 inclusive, wheat crops in Saskatchewan averaged 260 million bushels, with the price approximately one dollar per bushel. In 1929 a partial crop failure resulted in a yield of 160 million bushels. Despite the remarkable prosperity of the four preceding years, the reduced crop of 1929, combined with a decline in price, made it necessary for the Government to expend three quarters of a million for relief purposes.

Commencing with 1930 and continuing to date, reduced yields and substantial declines in prices have lowered agricultural income to unprecedented levels. As stated heretofore, so prolonged a period of diminished agricultural income has resulted in government disbursements of tremendous amounts in an endeavour to re-establish agriculture, and to maintain a substantial portion of the population of the province. While the problem of relief has been a serious one throughout the entire Dominion, in no other province has it been as acute as in Saskatchewan.

Table VI exhibits in tabular form the amount expended annually for relief from September 1, 1929 to April 30, 1937. As indicated by this table, a total of \$110,600,000.00 has been spent by the province in less than eight years. This is entirely separate from expenditures made by municipalities from their own funds and does not include well in excess of fifteen million dollars of provincially guaranteed loans and advances covering moneys expended by municipalities and loan companies for relief purposes and seed grain during the period under review.

Of a total expenditure by the Province of \$110,600,000.00, the Federal Government has contributed \$35,700,000.00 and recipients and municipalities provided \$4,318,000.00, leaving a present cost to the province of approximately \$70,582,000.00.

The province's share of relief has been financed in the following approximate manner:

Sale of Treasury Bills (net):	
To the Dominion Government	\$ 57,844,000
To others	1,150,000
Sale of Debentures	5,519,000
Contributions from Revenue and Capital Account	6,069,000
	<hr/>
	\$ 70,582,000
	<hr/>

Relief expenditures for the period September 1, 1929 to April 30, 1937 may be classified under three main headings in the following manner:

Direct Relief Services	\$ 46,600,000
Agricultural Re-establishment Services	39,400,000
General Relief Services	24,600,000
	<hr/>
	\$110,600,000
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The amount expended annually by the province for relief is set forth in tabular form in Table VI. Detailed statements covering relief will be furnished the Commission as exhibit A.

TABLE VI

Relief Expenditures for the Fiscal Years Indicated

Fiscal Year	Amount
1929-30	\$ 783,188
1930-31	3,031,957
1931-32	20,682,744
1932-33	13,249,178
1933-34	12,705,455
1934-35	21,747,248
1935-36	19,617,989
1936-37	18,784,879
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Total	\$110,602,638
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In considering the net cost of relief to the province, the total of approximately 70 million dollars will be materially affected by the write down and cancellation of treasury bills by the Dominion and also by the extent to which the province is called upon to assume responsibility for the payment of relief guarantees presently outstanding.

With reference to relief guarantees as of April 30, 1937, it should be stated that the government has since assumed as a direct liability some five and a quarter million dollars of provincially guaranteed municipal bank loans. Security was given the banks for the payment of same by the issuance of 3% treasury bills.

In connection with the cancellation and write down of provincial treasury bills held by the Dominion, a total of approximately \$28,400,000.00 is

involved. The class of relief and the period covered has been substantially agreed upon, together with the necessary authority. Upon completion of the gathering together of the information requested by the Dominion it is not anticipated any trouble will be experienced in the necessary mechanics incident to the actual cancellation of the treasury bills affected.

Detailed references to the cancellation of treasury bills is included in exhibit A to be furnished the Commission.

As indicated by the foregoing, the cost of relief to the province to April 30, 1937 will be reduced from \$70,582,000.00 to approximately \$42,182,000.00 plus such portion of relief guarantees as the future may determine.

The acute character of the relief problem of the current fiscal year is so generally recognized that it is hardly necessary to dwell on it at length. While it is difficult to estimate what the actual cost will be, it is already evident that it will be greatly in excess of that for any previous year. Feed and Fodder and Seed Grain will be needed for practically the entire province and in addition there will be a marked increase in Direct Relief costs.

ECONOMIES OF GOVERNMENT

On the 21st of August, 1936, the government of this province set up a Commission, under The Public Inquiries Act, to inquire into and report upon:

" . . . the whole subject of taxation within the Province of Saskatchewan; the possible delimitation of the fields of taxation; the broadening of the basis of taxation; the development of a more adequate and equitable system of taxation and the extent of division or re-division of responsibility for the furnishing of governmental services, and without restricting the generality of the foregoing to particularly inquire into the whole subject matter of taxation of every kind and nature within the province, whether imposed by the Federal, Provincial or other local taxing authorities within the Province; the whole system of assessment for taxation purposes within the Province; the whole system of revenues and expenditures being received and made within the Province by the various taxing bodies; the whole question of services being furnished to the people of the Province by various governmental bodies and the question of the extent of re-allocation or re-division of responsibility for such services; and generally, every aspect of taxation, assessment, revenue, expenditure, services rendered and division of responsibility therefore."

This Commission, known as the Jacoby Commission, made its report on the 19th of December, 1936. A copy of its report is filed with this brief.

One of the subjects dealt with by the Jacoby Commission was the possibility of balancing the budget by economies in expenditures, and its findings are set out in heading 7, page 35 which reads as follows:

"Examination of the course of expenditures of those departments engaged in providing the 'normal' services indicates that substantial reductions have in fact been made in this class of expenditure since 1931. School grants were cut by one third in 1932. Salaries of civil servants have been cut repeatedly and considerably. Even so, the aggregate savings bulk small by comparison with the vast new relief obligations. The annual payroll of all departments of Provincial Government (excluding proprietary agencies and the Department of Telephones) aggregates approximately \$3,240,000. A horizontal cut of 25 per cent. in the salaries would save \$810,000. per annum, which represented but 4.7 per cent. of total provincial expenditures charged to revenue during the fiscal year 1936. So drastic a cut would bring lower paid employees down to relief levels of compensation, and the 'saving' realized by such a policy would prove illusory through reduction in the quality of service rendered. Moreover, much expenditure is not 'readily controllable,' such as interest on public debt."

Subsequent to the report of the Jacoby Commission, it became necessary for the Government of Saskatchewan to ask the Federal Government for an additional subsidy for the purpose of maintaining the solvency of the province. The province indicated to the Government of Canada a willingness to have its financial affairs inquired into by any independent source. In response to an invitation from the province and the Dominion, the Bank of Canada conducted an inquiry into the finances of the province. This inquiry was duly completed and the Bank of Canada Report, issued as a result of the inquiry, was published on the 15th of March, 1937.

The Bank of Canada, during the course of its investigations, looked into the possibility of governmental economies being practised by the province, and on Page 14 of their report is to be found the following remarks relative to reduction in provincial expenditures:

"From then to the present time, Saskatchewan has made drastic economies in all controllable and capital expenditures. Additional cuts in Civil Service salaries have been put in effect. In many cases the retrenchment has gone too far to permit the government to perform its functions satisfactorily and efficiently or to maintain its capital assets. The lack of adequate maintenance expenditure on the highway system for example, has allowed it to deteriorate, so that much larger sums will now be necessary to rebuild it. It is difficult to single out the individual services which have suffered most severely, but something should be said of the need for additional expenditure for the care of the insane and for cases of serious ill-

ness, and also concerning the plight of education in general and rural school teachers in particular. The school teachers are in part the responsibility of the rural municipalities which, however, are, in a large part of the province, completely bankrupt. The current level of teachers' pay is distressingly low, and the standards of education must eventually suffer.

"In brief, retrenchment of ordinary expenditures has been carried as far as, and in some instances farther than reasonable, and current ordinary expenditures are at a level which it may be neither possible or desirable to maintain. Although slow in starting, since 1932-33 Saskatchewan has made greater cuts in virtually all controllable expenditures than any other province, with the exception of some instances of Manitoba."

That a determined effort has been made to curtail expenditures has been agreed upon by the two authorities referred to above. With the object of supplementing the conclusions arrived at by these authorities, Table VII is submitted, setting forth a breakdown of revenue expenditures as between controllable and uncontrollable expenditures. All governmental expenditures, within the strict sense, are controllable. However, it has become generally recognized that because of the nature of certain expenditures such as debt charges, school grants, hospital grants, old age pensions and mothers' allowances, they are actually uncontrollable rather than controllable.

The immediate reaction to a study of Table VII is the rigidity of expenditures due to the almost preponderant relation of uncontrollable to controllable expenditures. Whereas in 1911, 43 per cent. of provincial expenditures were controllable, for the fiscal year 1936-37, less than 16 per cent. were subject to control. It should be noted that included in this latter division is the cost of highway maintenance and civil service salaries, accounting for approximately 75 per cent. of controllable expenditures for 1936-37.

With respect to highway maintenance, the Bank of Canada has already reported that reductions have been carried to the point where loss of capital investment is threatened.

TABLE VII

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

COMPARATIVE STATEMENT OF CONTROLLABLE AND UNCONTROLLABLE EXPENDITURES FOR THE FISCAL YEARS INDICATED

(in thousands of dollars)

	1911	1916	1921	1926	1931	1932	1933	1934	1935	1936	1937
Public Debt	—	—	—	—	—	—	—	—	—	—	—
Legislation	193	1,094	2,260	2,836	3,820	5,351	5,951	6,452	6,548	6,889	7,039
Administration and General Government.....	57	236	332	379	300	206	186	182	380	178	169
Education	313	526	1,404	1,146	1,599	1,553	1,400	1,292	1,277	1,271	1,347
Legal and Judicial	14	18	54	75	75	64	43	52	58	57	56
Transportation and Communications	1	8	96	47	28	23	13	14	112	34	82
Public Welfare	489	981	1,817	3,716	4,224	4,304	2,804	2,400	2,563	3,044	2,794
Agriculture and Public Domain	—	—	—	—	—	—	—	—	—	—	—
Other Expenditure	431	1,000	1,419	1,241	1,352	1,300	1,037	1,011	961	914	943
Totals	445	297	1,053	1,038	2,101	971	650	754	802	807	935
Percentage	—	—	—	—	—	—	—	—	—	—	—
	23	45	129	113	128	95	84	84	75	66	64
	169	390	1,152	1,649	4,039	4,126	3,959	4,023	4,383	4,639	5,106
	238	229	791	329	807	669	461	556	545	546	573
	—	—	—	—	—	85	72	78	45	54	153
	12	12	99	17	102	119	6	3	16	53	12
	9	9	127	157	115	78	86	96	112	113	116
	1,032	1,117	3,573	2,689	4,764	3,430	2,614	2,703	2,827	2,777	3,013
	1,362	3,728	7,160	10,054	13,926	15,514	14,143	14,294	15,050	15,888	16,381
	43.11%	23.05%	33.29%	21.10%	25.49%	18.11%	15.60%	15.90%	15.81%	14.88%	15.53%
	56.89	76.95	66.71	78.90	74.51	81.89	84.40	84.10	84.19	85.12	84.47

As regards civil servants salaries, Table VIII sets forth the amount paid civil servants for "normal" governmental services over a period of nine years. The impracticability of reducing the salaries of civil servants together with the possibility of effecting economies through a merger of inspectoral services is dealt with in reports of the Public Service Commissioner which will be furnished the Commission.

With reference to uncontrollable expenditures, the two major items of expenditure are debt charges and education and public welfare expenses.

The province could default its debt charges, but the government of the province strongly feels that as long as it is able to, it should exert every effort to meet interest on its obligations. While an arbitrary reduction in debt charges by the government would provide some immediate relief, it is felt that the injury to the credit of the province which would result from such action, would, in the long run, prove most costly.

In connection with debt charges and retirement of debt it is well to reiterate that the government recognizes its inability to balance its budget either by increasing taxation or by reducing expenditures, and that if it is to continue maintaining its debt, it must have substantial outside assistance or assistance of a lesser amount accompanied by a recasting of its debt structure with lowered debt charges. During the course of this brief it will be recommended to the Commission that it recommends to the Dominion Government that steps be taken by that government in conjunction with the government of this province, to consolidate and refund the debt of the province at lower interest rates.

Reference has already been made to the sharp rise in education and public welfare expenditures in the past twenty years. The present financial plight of school districts prohibits entertainment of further reductions in school grants. It can hardly be assumed that the inhabitants of Saskatchewan would readily tolerate further reductions or elimination of expenditures on education, hospitalization, care for the aged and destitute and other similar services provided by the government. Such a reduction would undoubtedly ease immediate pressure enormously, but would result in undesirable social and economic repercussions and can scarcely be regarded as offering a satisfactory solution of the problem. Further it may be argued that considerations of national well-being require that all Canadians, regardless of where they may live, be guaranteed certain minimum Canadian standards of education and health at least.

In the section on taxation it is indicated that the people of Saskatchewan are taxed at least as heavily as the people of other sections of Canada and that for the purpose of raising provincial revenues, taxation has reached its limit.

The government of the province feels, and their view would appear to be endorsed by both the Jacoby Commission and the Bank of Canada, that the maximum limit has been reached, if not exceeded in curtailment of expenditures.

It is the considered opinion of the Government of Saskatchewan that, only by assumption by the Dominion Government of the financial burden of a large part of the costs of social services and the entire cost of relief, coupled with provision for a flexible system of emergency grants to meet immediate and pressing needs as they arise from year to year, can a measure of financial security be obtained.

TABLE VIII

Comparative Statement of Salaries for "Normal" Functions of
Government for the Fiscal Years Indicated

Year	Amount
1929-30	\$2,762,574
1930-31	3,038,610
1931-32	3,024,327
1932-33	2,768,019
1933-34	2,741,956
1934-35	2,619,445
1935-36	2,533,478
1936-37	2,630,641

SUMMARY AND CONCLUSIONS

1. That while the government of the province may not have seriously taxed the surplus of the good years prior to 1929 with the object of providing adequate reserves for possible fluctuations in wheat crops or prices, the people of the province, during those years, were contributing substantially to the prosperity of business and taxpayers in other sections of the country. (See Bank of Canada Report Page 4). It is doubtful, however, whether any system of public finance could have been devised capable of building reserves sufficient to maintain adequate governmental services including the relief burden over a period of years when income from wheat almost disappeared.

2. Curtailment of ordinary expenditures has been carried to a point where it is neither possible nor desirable to effect further reductions if the province is to continue to function satisfactorily. Since 1933 capital expendi-

tures have been so reduced as to confront the province today with capital expenditures of considerable amount.

3. Saskatchewan's dependence on wheat not only means a violently fluctuating income and fluctuating government revenues, but also an income which is difficult to reach by taxation, and one which at best provides a small taxable margin. With the increase in previously existing taxes, together with the introduction of new taxes, taxation for provincial purposes has reached its limit.

4. While the inhabitants of Saskatchewan will not readily tolerate further reduction or elimination of expenditures on education, hospitalization, care of the aged and destitute and other expenditures of a like character, the cost of these services in recent years has assumed such proportions as to make it essential that there be additional national support. The experience of the past eight years has shown that Saskatchewan cannot maintain, through periods of economic depression and crop failure, the minimum standards of social and community services which are, by common consent, considered appropriate to Canada.

5. The province will have to be relieved of that portion of its debt incurred for relief purposes, if the province is to be placed on anything resembling a sound financial basis.

6. Immediate attention must be given a recasting of the province's debt structure with the object of providing a basis on which the province can provide for orderly debt retirement and obtain relief from present burdensome debt charges. While it will be necessary to obtain an increased subsidy in any event, the increase will be less sharp if debt charges are reduced.

7. That even with an improvement in agricultural income throughout the province, under the present distribution of financial powers and responsibilities, it would not be possible for the province to support a basis of taxation designed to place the province on a sound financial basis.

B. MUNICIPAL FINANCE

1. Legal Status of Municipal Institutions.

In order that the province might better carry out its governmental functions it established a system of local self government through the creation of public and quasi-public corporations. To such corporations the Provincial Legislature delegated certain powers to be exercised in defined areas. All such corporations can exercise only such powers as have been expressly

delegated to them by statute, together with those powers necessarily or fairly implied in the powers expressly granted and those implied incidental powers which are essential to carry out the purposes of the corporation. None of these corporations in Saskatchewan can trace its existence through royal prerogative as is still the case with many municipalities in England. The powers which they exercise, and the duties with which they are charged, are delegated to them by the Provincial Legislature. Such powers and duties may, at the pleasure of the Legislature, be modified, increased or diminished and the Legislature may annul their corporate existence.

Prior to the creation of the Province in 1905 many municipal corporations existed by virtue of their own private charters, but gradually statutes of general application were enacted and now all cities derive their powers through The City Act, all towns through The Town Act, all villages through The Village Act and all rural municipalities through The Rural Municipality Act.

In dealing with matters relating to education, school boards are created and obtain their powers through The School Act and The School Assessment Act. Collegiate institutes and high school boards are created and obtain their powers through The Secondary Education Act.

In matters relating to health, the Union Hospital Board was created and obtains its powers through The Union Hospital Act, which Act provides for the granting of hospital services in certain rural and smaller urban areas in the province.

Rural telephone companies which have been created for service and not for profit are quasi-public corporations and derive their powers through The Rural Telephone Act.

In the creation of these several corporations the same territory may be and often is organized into and included within two or more separate and distinct civil bodies, with a limit placed by statute upon each as to the amount of indebtedness it can legally incur.

There is a further check upon the creation of debts by civic bodies in that the approval of The Local Government Board is required before they may borrow money by the issue of debentures.

Each of these corporations, however, is separate, independent and distinct from the other, and within its own sphere, its jurisdiction, subject to certain limited restrictions, is absolute.

A portion of the Province still remains unorganized. In this portion, where a sufficient number of settlers is found, school districts are organ-

ized with elected school boards having similar powers to other school boards in organized districts; but government is carried on through the Department of Municipal Affairs, and for the purposes of administration the area is divided into local improvement districts. In these districts the Minister of Municipal Affairs levies taxes for specific purposes, and the money collected is utilized for the purpose for which it was levied. The rate-payers in these unorganized districts do not elect a civic body and have no voice in the matter of levying and expending the taxes collected.

The procedure followed for the levy and collection of school taxes, except in local improvement districts, and for rural telephone and union hospital taxes, is to have these civic bodies make requisition upon the municipality or municipalities in which the land to be taxed lies, for the specific amount required, and upon receipt of such requisition the municipal council includes the amount for such purpose in its levy. There is the additional provision that the municipality is made the debtor or becomes liable to these civic authorities for the amount of the requisition and the civic authorities may bring suit for the amount required if it is not paid. While this right of action is given it has seldom, if ever, been resorted to.

2.. EXPENDITURES

(a) Purposes of expenditure.

Municipalities are organized for the purpose of rendering to the rate-payers certain services which they either cannot obtain for themselves or cannot obtain at less cost than the municipality. Rural municipalities provide means of communication to their residents such as roads, bridges, culverts, sidewalks, together with machinery necessary to construct or maintain such works. They may also provide certain protective services such as the extermination of plant, insect or animal pests. They may expend money to prevent or control animal diseases. Such services deal with the protection of property and may also include the protection of individuals from violence. Rural municipalities are also given power to provide certain social services to their residents such as medical attention to indigent persons, relief in the form of food and clothing, grants to hospitals or charitable institutions, or the partial socializing of some of these services such as providing for the hospital fees of all residents or providing a physician to give medical attention to the residents of the municipality without any charge other than a general tax imposed for the purpose.

Services rendered by urban municipalities are of greater variety and more extensive than those given by rural areas. Urbans not only provide police protection for their inhabitants, but also provide for the prevention and suppression of fires, illumination of streets, and inspection of buildings

to prevent faulty construction or other elements of danger. In addition, urban municipalities have the right to give certain services which protect the lives of human beings, as for example: the prevention and control of diseases through proper inspection of food and sanitary conditions and the collection and disposition of sewage. Certain special services are also rendered such as maintaining municipal hospitals, providing for medical care and assistance to indigent persons, supplying direct relief to the inhabitants of the community, providing parks or other forms of recreation and making grants to charitable or community institutions. Urban municipalities also enjoy the privilege of constructing and maintaining public works such as streets, roadways and other means of communication and providing special services such as electric light and power, transportation and water works systems.

Educational services are rendered through the medium of school districts to the residents of organized municipalities and to those residents of the more thickly populated unorganized areas where school districts have been established.

(b) History of expenditures of municipalities by classes of expenditure.

Expenditures of municipalities may be placed into three main divisions. There are first of all those expenditures which one may term budgetary expenditures: that is, provision is made each year for certain purposes and the actual expenditures for such purposes are borne by the revenues raised in that year. Secondly, there are those expenditures made from the proceeds of debenture issues which differ from the preceding group in that they are not an immediate burden upon the taxpayer. There is a third class of expenditures which, when made, are presumed to be collectible. They are not immediate losses which must be absorbed by taxation or other income but are charged to the accounts of the individuals receiving this service and attempts are made subsequently to collect from the persons concerned.

The first statement in Appendix B. is a summary of expenditures of each of the four classes of municipalities, the expenditures being classified. This statement contains the first two types of expenditure mentioned in the preceding paragraph and relates to a period of fourteen years. Five schedules make up the statement, representing each of the four classes of municipalities, and costs of education of all primary and secondary schools in the province.

A study of the information contained in statement 1 will show the trend both as to volume of expenditures made for certain purposes and the relative burden on the taxpayers for the services they receive. Generally

speaking, there has been a decided and successful effort in rural municipalities and to a lesser extent in urbans to reduce controllable expenditures to a minimum during the difficult years of the depression. This tendency is reflected in the expenditures for construction and maintenance of public works. The reduction is particularly noticeable in rural municipalities, where it dropped from a high peak in 1928 and 1929 to an amount of approximately one-third in the case of maintenance costs and less than 10 per cent in the case of new construction, of the total expended in the closing years of the prosperous period immediately preceding 1929. The reduction in construction and maintenance of public works has undoubtedly been too drastic, as necessity has forced municipalities to forego certain expenditures which were needed to maintain the asset in good working order but which were postponed in the hope that the following year would permit the expenditure to be undertaken without adding too heavy a burden on the taxpayers. In cities and towns the result of this policy is reflected in table I which gives an estimate of construction now necessary and the additional cost resulting from particular works having been allowed to deteriorate to a greater extent than they would have, had maintenance and repair been provided for as needed.

TABLE I

(a) Estimated amount of capital expenditure and repair and maintenance required to place all works in a satisfactory condition of efficiency comparable to that existing in 1929	5 out of 8 cities	9 out of 15 towns
	\$1,332,850.00	\$165,750.00
(b) Estimated increase in cost of repair and maintenance now required over probable cost had the expenditure been made when first needed	142,500.00	41,000.00

Costs of administration are fairly constant in all municipalities regardless of periods of prosperity or financial stress. Reductions have, of course, taken place particularly in salaries of officials, but this has been offset to a certain extent by the necessity of having additional office help because of the immense problem of relief administration.

It is of considerable interest to follow the trend of expenditures for interest on short term borrowings. In rural municipalities following the depressed period of 1920 and 1921 when the cost of financing had noticeably increased, there was a definite gradual reduction coinciding with a period of good crops. From 1929 on, however, this item of expenditure has grown to a substantial figure. While there appears to be a lessening of this burden in 1932 and the two subsequent years, this is not a trend reflecting actual

conditions, as during this period rural municipalities have been financed by the government taking the place of the banks, and statements of accruals of interest on debt obligations to the government have not been set up. Had such accruals been incorporated each year in the records of municipalities it is estimated the annual cost of interest on loans in rural municipalities would have reached almost one million dollars. Likewise the liability of rural municipalities to reimburse rural telephone companies for accrued interest on debentures in default is another item which would have swollen municipal interest obligations. This item is unknown at the present time as it has been impossible for telephone companies to pay debentures in default to any considerable extent.

In smaller urban municipalities such as villages and towns, the cost of financing has been gradually reduced during the last four or five years. This is due to the fact that the government has assisted to a considerable extent in meeting the cost of direct relief which in a number of instances has included loaning to the municipalities their share of total relief advanced.

Some reduction is shown in expenditures relating to public health and sanitation. Such expenditures are in many instances so necessary that they are difficult to control and much more difficult to reduce. The fact that reductions have taken place in the cost of public health and sanitation in all classes of municipalities may indicate that the health of the people of the province would have been endangered had there not been an extension of government services.

Expenditure of municipalities, in providing medical care and treatment to certain individuals or in assisting other institutions to provide such services, show a decided trend upwards even through the period of good crops. From 1922 to 1928 when the west constantly produced better than average crops, rural municipalities increased their costs of medical services and charities from \$366,000.00 to almost \$600,000.00. From that point on the increase has continued, being somewhat rapid in certain years, reaching a total in 1935 three or four times as large as it was in 1922. This trend is significant when one considers that municipalities have been assisted by the government in meeting costs of direct and other relief, and this particularly applies to rural municipalities where even the municipality's share of direct relief has not been absorbed as a loss to be met by taxation, but has been charged to the recipients with the intention at the time the advance was made that such charges would eventually be repaid. The trend in this class of expenditure definitely shows a tendency towards at least a partial socialization of the services rendered. There is a strong demand on the part of ratepayers for medical and hospital services to be borne entirely by taxation or some other form of municipal or provincial revenue. This trend has been

accentuated in the past few years on account of the increasing number of people whose capacity to pay for such services has disappeared.

To illustrate this trend further in cities and a number of representative towns, schedule (e) is included in Statement 1 showing a summary of expenditures in respect of certain specific social services. It illustrates forcibly the decided increase in costs of such services which must be borne by taxation of those still able to pay. Particular attention is directed to the cost of medical and dental services to indigents. This item in cities is fifteen times as large in 1936 as it was in 1927. On comparing the same two years, we find that it is ten times as large in towns.

Schedule (f) of Statement 1, shows the cost of education conducted by both primary and secondary schools throughout the province. The trend in expenditures for education also follows crop results in the west. The reduction, however, in this class of expenditure from 1930 to date has been tremendous and is accounted for by sharp reductions in teachers' salaries. Teachers' salaries were reduced from a total of eight million dollars in 1930 to slightly less than four million dollars in 1934. In addition to this drastic reduction of salaries, there have been substantial reductions in expenditures relating to the improvement of grounds and buildings. In this case again necessary repairs and maintenance of grounds and buildings have been neglected and the assets permitted to deteriorate because of the lack of funds.

Statement 2 shows the average per capita costs of services rendered by municipal institutions. It is arranged to show the cost of each class of service rendered in addition to the burden upon the people for educational expenditures. It is interesting to note that in rural municipalities and villages the combined per capita cost of the various services rendered by such municipalities was less than the unit cost of education.

It is interesting to follow the course of the taxpayer's dollar which is tendered in payment of the various services rendered by municipalities. Statement 3 displays this information over a period of years, by classes of municipalities. As certain expenditures are eliminated or reduced, a greater proportion of the taxpayer's dollar is paid towards those expenditures, which remain constant or increase. For example, in the year 1922 out of every one hundred dollars paid by the taxpayers of rural municipalities, \$6.70 went to pay for medical and hospital services whereas in 1935 out of each such amount paid, \$23.40 was required to provide this particular service. The same trend applies in urban municipalities in respect to this particular type of expenditures.

The second main division of expenditures of municipalities previously mentioned consists of the construction or acquisition of certain properties

from the proceeds of the sale of debentures. The amount expended in this manner by rural municipalities is insignificant as there has been a tendency in the past twenty years to depart from this form of financing and to provide for new construction from the proceeds of current tax collections. In urban municipalities expenditure financed by the sale of debentures has amounted to larger sums than in rurals although there is also a tendency to provide for new construction from current taxation. Expenditure for construction from current taxation has increased the tax burden somewhat during certain periods but undoubtedly it has meant an ultimate saving to municipalities by avoiding debenture indebtedness with its resulting increase in the burden of taxation on future taxpayers. In towns and cities there was a decided increase in debenture issues at the commencement of the period of depression, due to the fact that relief works were introduced to combat the unemployment situation. Table II shows the amounts expended by the cities and a number of representative towns together with the annual cost to be provided by taxation in the years following that in which the construction took place. It is estimated that the total expended for relief works in all urban municipalities in the three-year period centering on 1931 was upwards of six million dollars, with the municipalities contributing almost one-half of this amount. This contribution, particularly in cities, was financed by debenture issues with the result that annual charges for repayment, with interest, will amount to almost \$150,000.00 annually for periods ranging from 15 to 40 years with the average period about 25 years.

TABLE II
EXPENDITURE FOR RELIEF WORKS

	Schedule 1—Cities			
	1930	1931	1932	1933
Total expended	\$433,635.00	\$2,381,973.00	\$1,821,504.00	\$182,054.00
Share of City	243,736.00	1,026,078.00	593,296.00	137,476.00
Debentures issued for share of city	138,864.00	786,279.00	500,730.70	137,476.00
Annual charges to repay debentures	11,756.30	60,651.15	37,631.17	10,262.00
	Schedule 2—Towns (15 representative towns)			
Total expended	\$ 47,112.00	\$79,466.00	\$48,548.00	—
Share of town	25,400.00	34,232.00	23,337.00	—
Debentures issued for share of town	15,000.00	15,928.00	4,397.00	—
Annual charges to repay debentures	1,189.44	1,805.59	575.32	—

Statement 4 shows the amount of debentures issued by the various municipalities and local authorities during the period 1919 to 1936. It is significant that during the period of good crops the amount of debentures issued by cities and towns and also by school districts was relatively high. The commencement of the period of drought could not have been regarded then as serious since debentures issued by the municipalities and other local authorities increased substantially in the year 1929 and again in the year 1930. Thereafter the amounts issued show a decline except in the years 1933, when cities show a substantial amount issued mostly for relief works, and 1936, due to the issue of debentures to finance a portion of direct relief advances.

The most significant fact disclosed by Statement 4 is the comparatively high rates of interest paid by municipalities and local authorities in this province in respect of long term debts. This average high rate of the cost of financing prevailed throughout all municipalities and local authorities from 1919 to 1922, showed a slight decline in the succeeding few years, with a definite upward trend since the commencement of the period of depression. The lowest interest rates were in effect in 1927 and 1928 during a period when credit was easy to obtain. On the whole it may be stated that municipal institutions in the west have paid a higher rate of interest than that paid by industrial corporations where the right of a creditor to recover may not be as secure. In the case of municipal institutions default in payment of debentures has usually given to the bondholder the right to obtain judgment with the resulting imposition of a special tax rate to realize the amount of the judgment. In the case of industrial corporations the bondholder can only realize upon the existing assets of the corporation, and it is felt that the added security that attaches to debentures issued by municipal institutions should have been reflected in substantially lower interest rates.

The third main division of expenditures consists of those advances by municipalities to individual ratepayers for relief. These advances when originally made are presumed to be collectible although it is recognized that the possibility of collection of advances for medical aid, particularly in urban municipalities, is practically non-existent. In rural municipalities such advances were made not only to maintain human life but also to assist in continuing the business of farming. Advances made for the latter purpose have been repaid to some extent during the years of good crops but since 1930 the repayment of this class of expenditure has been negligible. In urban municipalities advances for direct relief are acknowledged to be uncollectible.

Statement 5 contains a summary of advances made by rural municipalities for hospital aid, seed grain and relief necessary to provide food for human beings and feed and fodder for animals. This statement relates to

the period from 1916 to 1930 during which time the crop conditions in the province were fairly good or the resources of farmers were not depleted as they now are. It shows also the amounts collected by rural municipalities during each year on the advances so made, and it is a significant fact that during years of reasonable prosperity rural municipalities were able to collect only 22% of advances made for hospital aid, less than 50% of advances made for food and fodder relief and only 63% of advances made for seed grain.

In the years following 1930 and down to the present time the task of furnishing farmers with seed and fodder has become more serious. The resources of municipalities were not sufficient to permit them to finance the demands made upon them, not only for seed grain and fodder but also for direct relief to sustain human life, with the result that the government was compelled to come to their assistance. In 1931 seed grain advances were financed for the most part by direct loans from the government and up to the time of the establishment of the Saskatchewan Relief Commission, relief in the form of feed and fodder, and food and clothing for human beings, was financed by government-guaranteed relief bank loans. The amount of advances made for the various purposes mentioned by the respective agencies referred to is contained in Table III. An attempt is also made to show the proportions of these advances that have been collected from the recipients in cash.

Statement VI shows the amount of direct relief advanced by all cities and a number of the larger towns in the period 1927-1936. This statement also contains information showing how the relief advanced in each year was shared and the manner in which the municipalities' proportion was financed.

An examination of statement 6 shows the progressively increasing advances required to sustain human life in urban municipalities. From a total that was insignificant in 1927 and 1928, direct relief in cities has increased to a tremendous extent. In the year 1936, the cities of the province advanced eighty-three times as much as they did in 1927, and towns advanced twenty-six times as much in the last year reported as in the year immediately preceding the period of drouth.

TABLE III

	SEED GRAIN	RELIEF
1930-31		
Advanced	\$410,986.00	\$2,873,257.00
Collected	72,193.00	446,201.00
1931-34—Advances by Relief Commission		
*1931-32 season for direct relief, feed and fodder, medical aid and freight		\$12,506,722.00
Collected in cash		83,518.00
Balance cancelled		\$12,423,204.00
1932-33 and 1933-34 seasons for direct relief, seed, feed and fodder, grasshopper extermination and sundry items chargeable to individual recipients:—		
A total of		\$21,574,812.00
Collected in cash		1,428,284.00
Balance still due		\$20,146,528.00
1934-37—Advances for Direct Relief (Government assisted)		
1934-35 season		\$6,066,019.00
1935-36 season		3,530,355.00
1936-37 season		7,525,990.00
The amount collected in cash from above 1934-37 advances for direct relief is negligible.		
1934-37—Advances for Seed and Feed		
(a) Through Department of Agriculture—		
1934-35 season	\$9,388,405.00	
1935-36 season	315,175.00	feed only
1936-37 season	2,741,340.00	feed only
(b) Through guaranteed bank loans (seed and summer-fallowing only)—		
1935	\$1,017,526.00—amount collected	\$188,682.00
1936	3,228,161.00—amount collected	718,725.00
1937	6,171,675.00—amount collected	is negligible
*The relief season extends from September 1 to August 31 the following year.		

One of the factors making financing of relief advances an acute problem in urban municipalities is the cost of administration. Urban municipalities are required to provide for the cost of relief administration and this cost, as will be noted by reference to Statement 6, has mounted steadily, almost in the same ratio that relief advances have increased. It will be noted, for example in cities, that relief administration costs in the years 1935 and 1936 reached a total over three times as great as the total relief advanced to

needy persons in 1927. Relief administration costs of 1935 and 1936 equal on the average 4% of the general levy imposed for purely municipal purposes, equal to almost one mill on the assessment.

Late in the year 1935 the government assumed 80 per cent of direct relief advances, whereas previously it had borne only two-thirds of the load. But because of the fact that relief advances have continued to increase and more largely due to the fact that the financing of the cities' share of direct relief has required the issue of debentures, the actual net cost to the cities in 1936, which includes repayment of relief debentures, was in excess of the total net cost borne by taxation in 1935. In towns where the issue of relief debentures to finance their share of relief has not as yet been resorted to, the total cost in 1936 was almost as large as in 1935 due to the rapid increase in the volume of direct relief advances during the last three years.

The issue of debentures to finance their portion of direct relief advances has not solved taxation problems for the cities. It may be argued that cities should not have deferred absorption of the burden of relief by capitalizing a portion of their share each year, but should have increased the general tax rate sufficiently to take care of their proportion of relief advanced. It must, however, be borne in mind that most cities at the present time are obliged to impose a mill rate in the neighborhood of 50 mills. It has been suggested by authorities on municipal finance that a tax rate in excess of 50 mills can have only one result and that is confiscation of real property. If the cities had refrained from issuing debentures for relief purposes, their proportion of relief advanced, including relief administration expense, in the years 1934 and 1935, would have necessitated an increase in their general tax rates to well above that figure.

It may be granted that payment by the cities of their share of relief from current taxes would have been unwise, but the capitalizing of mounting relief costs is not a solution. Through the pyramiding of relief debentures there is an ever increasing charge annually to taxation because of the necessity to repay such debentures with interest. It is this accumulating cost made up of annual charges on relief debentures that has maintained or increased the burden borne by the taxpayers of cities. In the year 1936 the cities' proportion of direct relief was slightly in excess of one-half million dollars as against eight hundred and thirty-five thousand in 1935. In spite of this apparent reduction in the burden placed upon cities, actually the total borne by taxation in 1936 was greater than the total in 1935 due to the accumulating cost of annual charges on relief debentures.

The increasing burden of relief costs on cities is forcibly indicated by the figures in Statement 6, showing the total annual cost to the cities to be met by tax levies. This cost is made up of the proportion of relief not capitalized plus the annual charges to repay relief debentures. During the last

five years the total annual cost to the cities has resulted in the following average tax rates:

1932—2.8 mills, 1933—2.2 mills, 1934—3.2 mills, 1935—3 mills,
1936— 4 mills.

The amount required to be provided for each year to repay relief debentures required the following tax rates:

1933— .5 mills, 1934— 1 mill, 1935— 1 mill, 1936— 2 mills.

The foregoing rates are based upon total assessments and are the minimum rates assuming collections of 100%. A considerable portion of the assessment of property in urbans is non-productive so that tax rates imposed for any specific purpose must be increased substantially in certain cases to insure that sufficient collections will ultimately be made to pay for the service.

The issue of relief debentures gave the taxpayers in cities relief for one year only. This was due to the fact that annual charges to repay relief debentures continues to increase since the necessity to capitalize the cities' portion of relief continues year after year. Even if direct relief advances were to cease entirely after the present year, several cities in this province will be required to raise annually a sum equal on the average to at least two mills for the next eighteen years to repay the direct relief debentures issued to date.

With the necessity of keeping the general municipal tax rate to as low a figure as possible in order to refrain from unduly burdening the taxpayers, and with the resulting continuation of the policy of capitalizing direct relief costs by the issue of debentures, annual charges to repay such debentures are increasing at such a rate that they exceed the proportion of relief not capitalized annually. To illustrate this trend the following table is presented which relates to direct relief financing in the three largest cities in the province:

MOOSE JAW			
	Proportion of Relief Not Capitalized	Annual Debenture Charges	
1934	\$20,838.00 (1.12 mills)	\$10,080.00 (	.54 mills)
1935	17,264.00 (1 mill)	32,085.00 (1.75	mills)
1936	15,942.00 (1 mill)	54,880.00 (3	mills)
REGINA			
1934	92,467.00 (2 mills)	59,430.00 (1.3	mills)
1935	51,090.00 (1.2 mills)	71,150.00 (1.67	mills)
1936	73,135.00 (1.75 mills)	94,290.00 (2.25	mills)
SASKATOON			
1934	61,119.00 (1.8 mills)	50,936.00 (1.5	mills)
1935	60,128.00 (1.8 mills)	12,093.00 (	.35 mills)
1936	51,226.00 (1.5 mills)	82,818.00 (2.5	mills)

It will be noted in the foregoing statement that the annual charges to repay relief debentures exceed the relief not capitalized in both 1935 and

1936 with the City of Moose Jaw heading the list in 1936 by having an amount required to meet debenture charges which is three and a half times as much as the proportion of the city's share of relief not capitalized.

To illustrate more forcibly the same trend that has taken place in urban municipalities generally, statement 7, Appendix B, gives a summary of the cities' share of direct relief costs in the case of the three largest cities and the manner in which this cost has been met by taxation and by the issue of relief debentures.

To fully appreciate the immense burden under which cities are struggling in attempting to meet the costs of direct relief it may be pointed out that on the average the proportion of the general tax levy required to meet relief costs chargeable to taxation amounts to 17.3% for cities in 1936 and 15.57% for towns in the same year. This annual charge making up the percentages of the general tax levy mentioned consists of the part of the cities' portion of direct relief not capitalized and the charges required to repay relief debentures with interest. Reference to statement 6 will show that the proportion of the general tax levy required has gradually increased from 1931 to the present year.

Table IV illustrates this position as it applies to individual cities or towns.

TABLE IV

Proportion of General Tax Levy required in the years mentioned to provide for direct relief costs not capitalized, and debenture charges on relief debentures.

	1932	1933	1934	1935	1936
Estevan	6.5%	7.5%	17.4%	15 %	16 %
Melville	18	25	19	38	36
Moose Jaw	8	18	6.8	11.3	16.1
North Battleford	18	23	30	29	23.8
Regina	5.3	8.6	13	10.5	15
Swift Current	27.5	40	49	50	37.5

This table presents in a striking manner the result in those towns and cities that are unable to capitalize relief costs. They have no sinking funds or trust funds to which they can sell their own relief debentures; nor is it possible to dispose of such debentures on the open market as the investing public is not attracted. In a few instances debentures have been sold, but only at an exorbitant rate of interest. The municipality is therefore compelled to absorb its entire share of relief in the year's tax levy and the levy is increased to such an extent that up to 50% is required for relief alone.

The number of persons on relief together with the percentage of the total population on relief is also set out in Statement 6. It will be noted that the average percentage for all urbans has steadily increased until in 1936 almost one-fifth of the entire population was on relief. In the three largest cities the proportion of the population on relief has remained fairly constant in the years 1933 to 1936. Moose Jaw reports 22 per cent of its population on relief in the four years mentioned, Regina shows 18 per cent in 1933 gradually rising to 20 per cent in 1936, North Battleford shows an increase from 20 per cent in 1934 to 30 per cent in 1936 and Swift Current shows a similar increase from 25 per cent in 1933 to over 29 per cent of its population in 1936.

3. Revenues of Municipalities.

Revenues of municipalities in Saskatchewan are derived principally from tax levies. The proportion of the total revenue derived from taxation is as follows:

Rurals	90% ;	Villages	85% ;
Towns	80% ;	Cities	60% .

In rural municipalities the relatively small proportion of income other than from taxation is derived from such sundry sources as commissions on collections of trust taxes, penalties on tax sales, rentals, etc. In urban municipalities the sources of revenue other than taxation are more numerous and increase in volume as the class of urban municipality progresses from villages to towns and from town to city. In cities the greater proportion of revenue other than taxation is derived from profits on utilities, licenses and amusement taxes, surpluses on sinking funds and trust funds, as well as sundry rentals and sales of properties.

Since the greater proportion of revenue in municipalities is derived from taxation, a study of the various taxes imposed and the disposition of such taxes through collection, cancellation or confiscation of property is necessary.

Statement 8, Appendix B, contains a summary of taxes imposed for various purposes in rural municipalities, villages and towns, during the period 1912 to 1935. It also contains a summary of taxes imposed for various purposes by cities during the period 1921 to 1935. The taxes so imposed consist of all taxes on taxable assessment of either property, business or income in the years when incomes were assessed by municipalities. These taxes were imposed for municipal and provincial purposes and for such other services as local improvements and hail insurance.

Statement 8 indicates the trend in tax levies, which increased progressively during the years of expansion from 1912 to 1928. During this period

there was a steady growth in the number and extent of services rendered to ratepayers. A great deal of new construction of roads, streets and other means of communication was undertaken by all municipalities, particularly the rurals. The number of school districts increased as well as the replacement of temporary school buildings by other buildings of more permanent construction. Since 1929, however, there has been a decided effort on the part of municipalities to lighten the burden of taxation by dispensing with those services which could be deferred as well as others which, although needed in many cases, could not be maintained.

Statement 9 is submitted to show the unit burden of taxation on ratepayers of the four classes of municipalities. This statement is in comparative form, commencing with the year 1922 and continuing to the year 1935. It illustrates the reduction in the burden of taxation particularly in rural municipalities, which corresponds with the years of poor crops when it was necessary to reduce services to the minimum in order that an attempt might be made to control the too rapid accumulation of uncollected taxes.

In urban municipalities there has been a tendency in the past two years for the tax burden to rise in spite of all economies contemplated by the councils of such municipalities. The cost of direct relief added to the necessity of maintaining the essential services prevented a downward revision of tax levies.

The following proportions of taxes are imposed upon real property:—Rural Municipalities, 99%; villages, 73%; towns, 80%; cities, 90%. One must, however, remember that apart from properties used as dwellings, the taxes imposed both on real property and business assessment must come from the incomes derived from the businesses conducted. In the municipalities in this province where buildings are used for business purposes, there is a property tax on the land and buildings and also a business tax on an assessment fixed by the council subject to a statutory maximum. If in such cases one should combine the property and business taxes as an entire burden to be met from the income derived from the business, it would result in an exceedingly high mill rate of taxation of real property.

In addition to property taxes and taxes imposed for business purposes, local improvement taxes are also imposed in certain towns and cities to repay a proportion of the cost of local improvement works. If such taxes were also imposed by a mill rate on assessed valuations of property, it would further increase the total tax rate on the valuation of lands and buildings which is the largest base for the tax burden in municipalities of the Province. To illustrate the foregoing remarks a few selected instances are given of various types of businesses in a number of towns and cities.

	Tax rate for property taxes	Total tax rate combining property and frontage taxes	Total tax rate combining property and business taxes
Selection No. 1	Mills	Mills	Mills
Grocery Store	47	52	77
Department Store	47	51	86.5
Office Block	47	51	112
Selection No. 2			
Private Residence	45	57	—
Grocery Store	45	56	85
Warehouse	45	47	84
Factory	45	53	103
Selection No. 3			
Grocery Store	44.5	44.8	73
Department Store	44.5	45.3	63.2
Warehouse	44.5	45.6	54.4
Factory	44.5	47.5	58.7
Selection No. 4			
Grocery Store	48	51.5	81.5
Department Store	48	48.2	77.5
Office Block	48	48.3	79.3
Warehouse	48	—	96
Selection No. 5			
Private Residence	45	54.6	—
Grocery Store	45	62	86.8
Department Store	45	46	65.8
Factory	45	59.6	73.8
Selection No. 6			
Private Residence	46.5	48.4	—
Grocery Store	46.5	47.5	74.6
Warehouse	46.5	48.4	64
Factory	46.5	55.5	87

In a number of urban municipalities it is contended that the burden of taxation is so high that incomes derived from rentals of properties are insufficient to meet all operating expenses, including taxes; or the balance of such income remaining after taxes are paid does not give a fair return on the capital invested. As an example, one town reports that an office block representing an investment of \$24,000.00 shows a net income of \$750.00 out

of which taxes to the extent of \$655.00 have to be provided. A warehouse valued at \$7,000.00 reports a net income of \$360.00 out of which provision has to be made for taxes of \$217.00. Another town reports a grocery store representing an investment of \$7,000.00, with a net income from rentals of \$275.00, out of which a payment of \$200.00 is required for taxes. In another town, rentals from a private residence result in a loss of \$68.00 after payment of taxes, and net income from rentals of a corner grocery was \$72.00 before providing for taxes of \$76.00. A fourth town reports the following conditions:

	Investment	Net Income before payment of taxes	Total tax levy
Private Residence	\$ 5,000.00	\$ 300.00	\$ 184.00
Corner Grocery	12,000.00	600.00	442.00
Apartment Block	10,000.00	1,000.00	1,069.90
Office Block	8,000.00	750.00	551.50
Warehouse	7,500.00	350.00	498.90

A city reports an office block representing an investment of \$80,000.00 with a net income from rentals of \$3,600.00 from which \$1,700.00 in taxes have to be provided. A second city reports that an apartment block after providing for all operating expenses including taxes, showed a net loss in income of \$1,495.00. An office block showed a similar net loss of \$3,824.00, and a warehouse, a corresponding loss of \$1,066.00.

Practically all classes of municipalities have imposed a sufficiently high levy to provide for all proposed expenditures and in addition, a surplus on operations. Cities are perhaps an exception to this rule as occasionally deficits on one year's operations will take place which necessarily must be provided for in the succeeding year's taxation. In addition, in a considerable number of towns, a few villages and some of the cities, the tax levies imposed while apparently sufficiently high to provide for all proposed expenditures, actually fall short, because of the fact that a considerable proportion of the assessment of the particular municipality is not revenue producing. Then again, in rural municipalities, because of the policy of charging direct relief and agricultural aids advances to the accounts of recipients, no effort has been made to include in tax levies any amount to take care of the losses that will inevitably result.

While considerable economies have been effected in municipal expenditures, and tax burdens have been reduced during the last few years, this has not assisted tax collections in the four classes of municipalities where crop failures have an immediate and pronounced effect. A history of tax collections is shown in Statement 10, covering the period from 1912 to 1935, ex-

cept in cities where information is available since 1922 only. The amount realized in cash from both current and arrears of taxes each year is reduced in this statement to a percentage of the total arrears and current taxes collectible during the year. It will be noted that the highest percentage of taxes collected took place in the year 1928 and that following the year 1928 the percentage of taxes collected has steadily decreased. This statement also shows the accumulation of tax sale holdings represented by tax sale certificates which are still subject to redemption by the owners of the land, and tax title property which may no longer be redeemed by the owner but which the municipality may dispose of by sale. The amounts of uncollected taxes presented by tax sale holdings has increased steadily in all classes of municipalities, with the exception that in rural municipalities there has been some decrease in the last three years due to the fact that consolidation or adjustment of taxes under various plans has resulted in cancellation of the tax sale lien and a restoration of the amounts in tax sale to the tax rolls.

In Statement 11 an attempt is made to show a comparison of tax levies year by year and amounts realized in cash from the collection of taxes, redemption of tax sales or sales of tax title property. It is a significant fact that in rural municipalities in the twenty-four year period covered there are only nine years in which the amount collected exceeded the total imposed by way of tax levies. Of these nine years, seven follow each other in succession between 1922 and 1928, when a combination of high prices and better than average crops resulted in the only prolonged period of prosperity enjoyed by the west in the past quarter of a century.

In urban municipalities the information presented by Statement 11 is still more striking. At no time during the twenty-four years under review have towns collected more than they have levied in any one year. This is, no doubt, at least partially due to the fact that towns have assessed from year to year extensive unimproved subdivided property on the outskirts, the taxes upon which are not being paid by the owners. In villages only three out of twenty-four years show a larger amount of cash collected than taxes imposed, and in cities there are only two years since 1922 when the same results were obtained.

An ideal situation would exist if municipalities could collect the greater proportion of current tax levies in the year in which the levy is imposed. This is not likely to occur in rural municipalities because the income of farmers in the west varies considerably from year to year in line with returns from crops. In urban municipalities, however, one might assume that average incomes would be more stabilized permitting ratepayers of such municipalities to pay their taxes in about the same proportion year after year. A survey of the cities of the province and a number of the larger towns indicates that this situation does not exist. Table V illustrates the

wide fluctuation that may take place in collection of current levies in the year in which the taxes are imposed. It will be observed that in certain instances the highest percentage of taxes collected in the year in which they were levied may be 80 or 85 per cent, with the lowest percentages less than one-third or one-half of the total levy.

TABLE V

Percentages of Current Levies collected in year
in which levies imposed.

Towns	Year of highest percentage	Year of lowest percentage
Arcola	1929—80%	1935—36%
Assiniboia	1929—90%	1934—48%
Broadview	1928—85%	1929—67%
Davidson	1928—87%	1934—38%
Estevan	1928—80%	1935—30%
Kerrobert	1930—67%	1933—58%
Maple Creek	1928—90%	1932—70%
Melfort	1926—69%	1928—52%
Melville	1929—89%	1934—38%
Rouleau	1929—73%	1931—53%
Shaunavon	1929—75%	1934—43%
Cities		
Moose Jaw	1928—81%	1932—51%
North Battleford	1928—83%	1933—58%
Prince Albert	1928—84%	1933—58%
Regina	1929—86%	1934—57%
Saskatoon	1929—81%	1934—54%
Swift Current	1928—88%	1934—61%
Weyburn	1928—74%	1936—38%
Yorkton	1934—67%	1932—61%

From time to time a certain proportion of taxes levied are lost through discount for prompt payment, cancellation, rebate or compromise. Table VI shows the amount of taxes so lost during a twenty-four year period by rural municipalities, villages and towns, and during a fourteen year period by cities. It will be observed that the amount so lost by rural municipalities and villages is equal to almost an average of one year's levy, whilst in towns and cities the amount lost exceeds the average of one year's levy, which to some extent is due to the fact that the larger urban municipalities suffer a greater loss in the disposal of lands to which title is acquired through tax sale or tax forfeiture proceedings.

TABLE VI

Taxes lost through discount, cancellation or sale of tax title
property at less than book value.

Rural Municipalities	1912-1935	\$12,693,090.00
Villages	1912-1935	887,188.00
Towns	1912-1935	3,042,959.00
Cities	1922-1935	4,485,675.00

4. Financial Position of Municipalities

A comparative statement of the financial position of all municipalities in the Province is contained in statement 12. This statement is arranged to show separately each class of municipality with the assets and liabilities of each class contained in classified groups.

The general trend in a number of assets and corresponding liabilities consists of a rapid accumulation of uncollected taxes, advances for relief purposes and corresponding liabilities for operating expenses, amounts due local authorities for tax levies and the cost of financing relief advances. Perhaps the only bright spot in the entire picture is that the debenture liabilities of municipalities consistently show a decrease although the amount in default at the end of each year has increased since 1930.

The assets upon which municipalities must rely to the greatest extent are arrears of taxes. Since 1926 these have increased, as indicated by statement 12, to such an extent that at the end of 1935 arrears of taxes are two or three times as great as they were ten years previously, and represent on the average from two to three complete years' levies outstanding. The situation is such that even with a series of years of reasonable prosperity, some time must elapse before arrears of taxes are reduced to a reasonable figure. Combining the arrears of taxes, tax sale certificates and unsold tax title property of all municipalities, shows the following accumulation year by year from 1929 to 1935:

1929	\$22,317,560.01
1930	30,945,367.33
1931	39,320,226.92
1932	46,083,735.00
1933	51,876,291.24
1934	55,015,096.22
1935	58,784,665.46

A considerable proportion of arrears of taxes consists of amounts in tax sale or the corresponding valuation of property to which title was acquired through tax sale proceedings. In urban municipalities, particularly in towns

and cities, the total assets represented by tax title property are of very doubtful value as they consist for the most part of outlying subdivided property which will have little sale value for perhaps the next twenty-five years. The total valuation of tax title property for towns and cities as stated for the year 1935 may not represent the actual amount acquired as there has been a tendency in towns to value properties at a nominal price per parcel, many times less than the value of accumulated taxes and costs, at the time the property was acquired.

Assets representing relief advances made by municipalities either from their own funds or through assistance by the government show slight increases in urban municipalities, whereas in rural municipalities the total now outstanding is almost equal to the total of uncollected arrears of taxes and amounts in tax sale. A considerable portion of such relief advances in rural municipalities is in the process of being cancelled and such cancellation will also reduce certain liabilities represented by loans from the government, and guaranteed loans from banks required to finance such relief advances.

The cash position of municipalities in the Province has, of course, been adversely affected by continued drought conditions. Cash resources in all classes of municipalities have decreased considerably. To some extent this condition is offset by a decrease in current bank loans. This applies particularly in villages and towns and also in rural municipalities because of the fact that rural municipalities have enjoyed very little credit in the past two or three years and have been compelled to finance their operations without assistance from the banks.

While liabilities to banks in respect of general loans have shown some decrease, other liabilities have increased tremendously. Faced with the problem of supplying relief to farmers, the indebtedness of rural municipalities to banks and to the government for seed grain and relief loans was four times as large in 1935 as it was in the year 1921 which was the previous peak of bank indebtedness. In cities bank loans for general purposes have been increasing at such a rate that they have more than doubled in the past ten years. Liabilities to general creditors and to schools and other institutions for unpaid tax levies have increased in the case of general liabilities to an amount which in rural municipalities is seventeen times as great as it was in the year 1926. Tax liabilities to schools and telephone companies have also increased in rural municipalities to an amount six times as great as ten years ago although rural municipalities have been using all available funds to keep schools in operation.

Statement 13 contains a classified summary of investments held in sinking funds and trust funds of cities. It shows that cities have been changing their investments since 1930 from Saskatchewan school district and tele-

phone company debentures, and from debentures of other provinces to Saskatchewan provincial debentures and their own issues. Investments in Dominion bonds show a continuous reduction which apparently is due to the fact that these investments were readily saleable at good prices and were disposed of to meet debenture maturities. The purchase by cities of their own debentures at an increasing rate since 1927 has to some extent been forced upon them because the market did not absorb debentures issued during the depression period for relief works and direct relief. A considerable proportion of sinking fund and trust fund investments still consists of debentures of certain provinces, which may place the cities in an awkward position if at the time of meeting their debenture maturities they are unable to realize upon the bonds.

The defaults in investments held by the sinking funds of cities as set out in Statement 14 shows that such defaults are confined largely to Saskatchewan school district and rural telephone company debentures, and to the debentures of the Province of Alberta, as well as a small proportion of the cities' own debentures.

The debenture indebtedness of all classes of municipalities has decreased, although in cities this decrease relates only to the past few years. Actually the decrease in debenture indebtedness is greater than that indicated by Statement 12 as that statement shows the gross unmatured debenture debt before sinking funds are deducted. Deducting sinking funds available for redemption of debentures, the net debenture debt of all municipalities and other public or quasi-public institutions in the province is set out in comparative form in table VII. The indebtedness so set out includes both principal and interest in default and accrued interest on coupons in default.

TABLE VII

Comparative statement of net debenture debts after deducting sinking funds available for redemption of debentures.

	1933	1934	1935
Rural Municipalities	\$ 155,215.71	\$ 147,864.32	\$ 142,397.80
Villages	271,475.96	254,238.17	233,448.63
Towns (excluding secondary schools)	3,436,404.60	3,360,058.41	3,312,349.06
Cities (excluding secondary schools)	25,090,065.41	24,085,364.33	23,391,413.12
Rural Telephone Companies	5,020,996.59	4,467,213.60	4,053,521.83
Drainage Districts	314,944.54	301,786.81	288,320.66
Union Hospitals	248,274.22	255,932.28	256,728.53
Secondary Schools	1,885,658.00	1,800,620.01	1,782,768.51
Primary Schools (estimate)	11,480,900.00	12,000,000.00	12,100,000.00
	\$47,903,935.03	\$46,673,077.93	\$45,560,948.14

Table VIII shows the net per capita debt in respect of the debenture liability of municipalities for a number of selected years from 1921 to 1935.

TABLE VIII

Per Capita Net Debenture Debt				
	Rural Municipalities	Villages	Towns	Cities
1921	4.23	10.65	99.36	279.58
1926	2.32	7.04	78.23	231.08
1931	1.03	8.71	61.08	207.07
1933	1.24	8.47	59.92	179.30
1935	1.33	7.71	59.96	174.47

The amount of debenture coupons in default by municipalities, school districts and telephone companies in the Province has increased progressively since 1929. Table IX shows the increase to the end of 1935 by classes of municipalities and other institutions.

TABLE IX

Debenture Coupons in Default.

	Principal	Interest	Total
Rural Municipalities			
1930	\$ 1,650.00	\$ 550.50	\$ 2,200.50
1931	23,120.37	7,322.89	30,443.26
1932	43,295.33	11,329.87	54,625.20
1933	64,316.66	13,982.61	78,299.27
1934	74,668.16	18,918.12	93,586.28
1935	80,891.92	24,676.57	105,568.49
Villages			
1930	4,774.81	1,769.07	6,543.88
1931	12,393.03	5,669.23	18,062.26
1932	23,876.02	11,470.73	35,346.75
1933	40,479.25	17,038.16	57,517.41
1934	56,420.85	24,777.93	81,198.78
1935	64,977.38	28,808.12	93,785.50
Towns			
1930	20,977.59	41,856.51	62,834.10
1931	60,708.25	78,298.26	139,006.51
1932	96,718.69	127,982.95	224,701.64
1933	152,351.26	191,278.51	343,629.77
1934	204,216.85	215,873.90	420,090.75
1935	258,254.86	262,454.40	520,709.26

Cities

1930	—	102,357.00	102,357.00
1931	—	100,535.00	100,535.00
1932	1,533.00	105,555.00	107,088.00
1933	3,453.00	88,144.00	91,598.00
1934	5,483.00	100,427.40	105,910.40
1935	7,629.50	139,463.90	147,093.40

School Districts

1930	No details	No details	160,591.55
1931	"	"	513,570.72
1932	"	"	1,079,574.73
1933	"	"	1,706,246.64
1934	"	"	2,347,698.56
1935	"	"	2,725,778.22

Rural Telephone Companies

1930	80,658.86	32,575.77	113,234.63
1931	444,085.00	160,384.00	604,469.00
1932	1,112,045.91	343,028.46	1,455,074.37
1933	1,561,246.00	447,608.59	2,008,854.59
1934	1,799,022.60	482,792.60	2,281,815.20
1935	2,107,257.04	517,357.83	2,624,614.87

5. Summary and Conclusions

A study of the material submitted and the comments made thereon leads to the following conclusions:

(a) The severe curtailment of expenditures on maintenance of public works during periods of depression, while necessary to relieve the taxpayer, results in such rapid deterioration of the assets that repairs ultimately cost many times the amount previously required, or results in shortening the life of the asset.

(b) The cost of financing municipal expenditures until taxes are collected in the summer or fall is too great. Western people have not become sufficiently established to meet taxes and other obligations from accumulated savings.

(c) Accumulated arrears of taxes have reached a total so large that several years of reasonable prosperity will be needed to reduce the obligations of taxpayers to a normal sum.

(d) The cost to the west of financing debenture loans has been excessive.

(e) The issue of relief debentures by cities, while admittedly unavoidable, is unsound. It not only postpones the fatal day of reckoning but results in a crushing burden due to progressively accumulating debenture charges. It may be noted that in the City of Swift Current where direct relief debentures could not be sold, as high as fifty per cent of the tax levy was absorbed by the city's share of relief. In this city there was a default on a contract rate of debenture interest fixed at three per cent. Eventually the city could pay only at the rate of one per cent.

(f) Many social services, such as provision for public health and sanitation and caring for the indigent, are so essential that they can be curtailed only at the risk of impairing the health and well-being of the people.

(g) If the trend in the direction of state medicine continues, the present municipal tax structure can scarcely be expected to support the burden. A national health insurance scheme would seem to offer the only solution.

(h) It is evident that real property is bearing too large a share of the burden of taxation. Property taxes are extremely high in relation to rental income and as a consequence real property offers little attraction to investors. In many municipalities the tax burden is so heavy as to involve the gradual confiscation of real property.

(i) In school districts, during the depression years, the tax burden of maintaining adequate educational facilities has resulted in curtailment. There is a considerable variation among school districts in this respect due to differences in the taxable value of land. There are similar variations among municipalities. The government feels that it must consider the feasibility of withdrawing from the field of land taxation, or in the alternative, utilize the proceeds of the Public Revenues Tax for the purpose of equalizing the burden of taxation among school districts and municipalities. This would result in the tax being used exclusively to assist the local governing bodies in providing social services which they are called upon to take care of. No definite policy has been formulated in this regard.

(j) A social service such as direct relief can be supported wholly by the municipalities only so long as the number receiving this service is very small. In 1930, when the cost of direct relief had increased to the extent that government assistance was necessary, it is estimated that about two per cent of the population of the cities was on relief. Under present-day social values the granting of direct relief to those rendered destitute through unemployment or crop failure must be regarded as a social service. It is submitted that, with reference to the principles already postulated, it is a social service that should be assumed by the national government.

(k) A measure of relief for the municipalities would result from the adoption of national schemes of health and employment insurance. The variable

nature of incomes in the province points to the adoption of the insurance principle as far as possible. A workable scheme of crop insurance would go far in the direction of solving the fiscal difficulties of the municipalities.

(1) The municipalities have been unable to discharge their responsibilities in an adequate manner despite the fact that the province has assisted to the extent that financial resources permitted. The budgetary position of the municipalities must be considered when estimating the fiscal needs of the province. A reduction of the tariff burden, resulting in an increase of the net income of the farmer, would leave a large margin for the payment of taxes. The municipal problem of finance would be eased thereby.

C—THE BURDEN OF DEBT

The net debt of the Province of Saskatchewan, expressed as a per capita burden, is one of the highest among the provinces of Canada. Ten years ago the burden of debt so expressed was one of the lowest. The municipal debt of the province, on a comparative basis, is not high.

For the purposes of a comparative study the per capita burden is almost meaningless unless some regard is had to capacity to pay. Capacity to pay depends on wealth and current income. Estimates of the wealth of the several provinces are particularly unreliable, especially in the absence of evidence as to the manner in which the supposed wealth is to be made available for the use of the government concerned.

Annual production or annual income offers some evidence of capacity to pay. A comparative study of the combined provincial and municipal debts of the various provinces in relation to the income of the provinces has been made on behalf of the government of Manitoba for submission to this Commission. No useful purpose will be served by including a similar study in the submission made on behalf of Saskatchewan. The results of such a study, however, do give some evidence of comparative burdens if certain allowances are made. For instance, it is probable that the figure published by the Dominion Bureau of Statistics as the net debt of this province is somewhat low in that the deduction for revenue bearing assets is too large. Such a study moreover does not take account of investment income, a much smaller item in Saskatchewan than in most provinces.

By the method referred to above a tremendous debt burden is indicated for this province on the basis of the incomes of recent years. If the combined provincial and municipal debt is expressed as a percentage of income of the people of the province, the public debt burden of Saskatchewan is seen as the highest among the provinces. Indeed it would perhaps be more proper

to express income as a percentage of debt, since the latter has exceeded the former on several occasions since 1930. During the year 1937 the income of the people of Saskatchewan has declined to a new low. The net public debt is probably two or three times greater than the total income of the people of the province.

Such comparisons are interesting and useful, and the Commission will no doubt be in a position to draw very definite conclusions after receiving detailed information from the various provinces. From the standpoint of the government of Saskatchewan, however, the problem is a very definite one, and a direct approach is suggested.

The debt has been contracted, what is to be done about it? The vital question seems to concern the capacity of the province in the present and the future to retire the debt and at the same time secure to the people an adequate standard of living. The past is important insofar as it gives evidence of what may be expected in the future, the debt burden must be estimated with reference to what the future holds for us.

In a latter part of this submission it is proposed to forecast the future of the province in the light of such information as is available. The public debt of the province can then be considered in relation to the probable capacity of the province to provide for its retirement without sacrificing the welfare of the people.

That the public debt of the province is a serious burden cannot be denied. Current quotations on the securities of the province indicate that, in the opinion of the investing public, the debt is beyond the capacity of the province. As has been pointed out the major portion of the public debt has been contracted since 1929. This factor must be kept in mind. The economy of Saskatchewan contains the elements of hazard to a high degree. Plans for the future must provide for insurance against these hazards.

PART IV

PROVINCIAL TAXATION

By the terms of reference to the Royal Commission to investigate the economic and financial basis of Confederation, the Commissioners have been instructed, *inter alia*,—

- (a) To investigate the character of the taxes collected;
- (b) To investigate the amount of taxes collected;
- (c) To consider these taxes in the light of legal and constitution limitations;
- (d) To consider them in the light of financial and economic conditions;
and
- (e) To determine whether the taxation as at present allocated and imposed is as equitable and efficient as can be devised.

The chief forms of taxation existing at the present time in the Province of Saskatchewan are as follows:

Succession Duties

Income Tax

Corporation Tax

Gasoline Tax

Public Revenues Tax

Railway Taxation

Education Tax

Miscellaneous Taxes, Licences and Fees.

An attempt will be made to examine the tax structure of the province in the light of the terms of reference.

A. Character of Taxation

1. Succession Duties

Succession duties were first imposed by The Succession Duty Ordinance, 1903, being Chapter 5 of the Ordinances of the North West Territories of that year (Second Session). The Ordinance was amended from time to time, and

the present law relating to succession duties in Saskatchewan is contained in Chapter 12 of the Statutes of 1934-35, as amended by Chapter 11 of the Statutes of 1936, and Chapter 5 of the Statutes of 1937.

The incidence of the taxation is set forth in Section 9 of the Act, which provides that there shall be levied and paid for the purpose of raising a revenue for provincial purposes the duties set forth upon or in respect of the following, that is to say:—

- (a) in respect of the succession to all real property in the province, and in respect to the succession to all moveable or personal property wheresoever situate, by way of condition upon or as an incident of the accession to the benefits of the succession, where the deceased was at the time of his death domiciled in the province;
- (b) property passing on the death and situate in the province, where the deceased was at the time of his death domiciled outside the province; and
- (c) property passing on the death and situate in the province, where the deceased was at the time of his death domiciled in the province, and where the property is not included in the property the subject matter of the succession.

In brief, the statute makes provision for the imposition of a duty in the nature of a legacy or succession duty upon all benefits passing on the death of persons dying domiciled in the province, and for the imposition of a tax in the nature of an estate duty upon property in the province where such property cannot be regarded as included in a succession, or where it passes on the death of persons dying domiciled outside the province.

The Act is broad and inclusive in its terms, and provides for taxation not only of the real and personal property owned by deceased persons at the time of death, but also of the following classes of property:

- (a) Property transferred in contemplation of death;
- (b) Donations mortis causa and gifts inter vivos;
- (c) Property held jointly;
- (d) Property passing under settlement;
- (e) Annuities purchased or provided by the deceased.
- (f) Policies of insurance; and
- (g) Property of which the deceased was competent to dispose.

The rates of duty payable are determined mainly by two factors, namely:—

- (a) The relationship, if any, of the beneficiary to the deceased; and
- (b) The aggregate value of the property passing or deemed to pass on the death of the deceased.

For purposes of taxation the beneficiaries are divided into three classes, usually described as the preferred, collateral and stranger classes respectively. The preferred class includes the father, mother, husband, wife, child, son-in-law or daughter-in-law of the deceased. The collateral class includes any lineal ancestor of the deceased (except father or mother); any brother or sister of the deceased, or any descendant of such brother or sister; any brother or sister of the father or mother of the deceased or any descendant of such last mentioned brother or sister.

No duty is payable in estates passing to resident preferred beneficiaries where the property passing does not exceed \$15,000 in aggregate value. Estates passing to collateral beneficiaries are exempt if they do not exceed \$2,500 in aggregate value. All other beneficiaries pay duty where the estate exceeds \$1,000.

The rates of succession duty vary from 1 per cent. in estates passing to preferred beneficiaries exceeding \$15,000 but not exceeding \$25,000, to 28 per cent. in estates exceeding \$3,000,000; from 3 per cent. in estates passing to collateral beneficiaries exceeding \$2,500 but not exceeding \$5,000, to 33 per cent., in estates exceeding \$3,000,000; and from 2 per cent. in estates passing to other beneficiaries exceeding \$1,000 but not exceeding \$2,000, to 41 per cent. in estates exceeding \$3,000,000.

The Succession Duty Act is administered by the Attorney General.

2. Income Tax

Income tax was first imposed in the Province of Saskatchewan by The Income Tax Act, 1932, being Chapter 9 of the Statutes of that year, which came into force in April 13, 1932. The Act was subsequently amended by Chapter 9, Statutes of 1933; Chapter 5, Statutes of 1934; and Chapter 16, Statutes of 1934-35. The present law is contained in Chapter 16, Statutes of 1936, as amended by Chapter 8, Statutes of 1937.

The incidence of the tax is set forth in Section 9 of the present Act which provides that there shall be assessed, levied and paid upon the income during the preceding year of every person:

- (a) residing or ordinarily resident in Saskatchewan during such year; or

- (b) who sojourns in Saskatchewan during any year for a period or periods amounting to one hundred and eighty three days; or
- (c) who is employed in Saskatchewan during such year; or
- (d) who, not being resident in Saskatchewan, is carrying on business in Saskatchewan during such year; or
- (e) who, not being resident in Saskatchewan, derives income from services rendered in Saskatchewan during such year, otherwise than in the course of regular or continuous employment, for any person resident or carrying on business in Saskatchewan;

a tax at the rates applicable to persons other than corporations and joint stock companies set forth in the first schedule to the Act, upon the amount of income in excess of the exemptions granted by the Act; provided that the said rates shall not apply to corporations and joint stock companies, other than personal corporations.

By sub-section (3) of Section 9, it is provided that every corporation and joint stock company, no matter how created or organized, residing or ordinarily resident or carrying on business within the province, shall pay a tax, at the rate applicable thereto set forth in the first schedule to the Act, upon its income during the preceding year.

The Act of 1932 imposed a tax upon all income in excess of \$750 per annum for single persons, and in excess of \$1,500 per annum for married persons or single persons with dependents. The rates varied from 1 per cent. on the first \$500 of income over and above the statutory exemption, to 25 per cent. on income in excess of \$45,000 and not in excess of \$50,000. In 1934 the Act was amended to increase all rates of taxation by 1 per cent., so that the minimum rate should thereafter be 2 per cent. and the rate applicable to income between \$45,000 and \$50,000 should be 26 per cent. At the same time the exemption for single persons was lowered to \$700 and the exemption for married persons or single persons with dependents to \$1,450. The rate of taxation applicable to corporations, and joint stock companies was originally fixed at 4 per cent. of the net taxable income, but this was increased in 1935 to 5 per cent.

The Income Tax Act is administered by the Commissioner of Income Tax appointed pursuant to the provisions of the Act.

3. Corporation Tax

The Corporations Taxation Act first came into effect in April 1907, and has been levied continuously since that year. The present law is contained in Chapter 38 of the Revised Statutes 1930, as amended by Chapter 12, Statutes

1932, Chapter 12, Statutes 1933, Chapter 7, Statutes 1934, Chapter 13, Statutes 1934-35, Chapter 12, Statutes 1936, and Chapter 6, Statutes 1937.

The tax is applicable to all companies or corporations registered under The Companies Act or which transact business in Saskatchewan. The basis of taxation varies according to the class of corporation dealt with, as follows:

Banks. Section 4 of the Act provides that every bank shall pay the following taxes, namely:

- (a) where the bank has ten or more branches in Saskatchewan, \$3,000 for the head office in the province; where the bank has less than ten branches, \$1500 for such head office; and
- (b) \$400 for the first or main branch office in a city, not being the head office in the province, and \$250 for every other branch office;
- (c) \$250 for each branch office in a town; and
- (d) \$200 for every other branch office.

Section 5 provides that every private banker shall in addition to all other taxes pay a tax of \$200 when the head office of the business is situate in a city or town, and \$100 when such head office is situate in a village, and an additional tax of \$25 for each branch or agency in the province.

Insurance Companies. Every insurance company which transacts business in the province under the Saskatchewan Insurance Act, or which is registered and licensed under The Companies Act, is required to pay a tax of:

- (a) 1 per cent. calculated on the gross premiums received by the company in respect of the business transacted in Saskatchewan, when such gross premiums are less than \$50,000;
- (b) $1\frac{1}{4}$ per cent. when the gross premiums received by such company are \$50,000 or more but less than \$100,000;
- (c) $1\frac{1}{2}$ per cent. when the gross premiums received by such company are \$100,000 or more, but less than \$150,000;
- (d) $1\frac{3}{4}$ per cent. when the gross premiums received by such company are \$150,000 or more, but less than \$200,000; and
- (e) 2 per cent. when the gross premiums received by such company are \$200,000 or more.

Insurance Companies must pay a minimum tax of \$100 where the authorized capital of the company is \$100,000 or less, and \$175 where the authorized capital exceeds \$100,000.

Where an insurance company which lends or invests money on security in the province has invested in the province more than \$25,000, such company is required to pay an additional tax of 50 cents on every thousand dollars invested by the company in the province.

By Section 13 of Chapter 6, Statutes of 1937, provision was made that the taxes payable by insurance companies should be increased by one-half for all payments to be made during the year beginning on the 1st day of May, 1937, and ending on the 30th day of April, 1938. This provision was brought into force on 1st May, 1937, by proclamation of the Lieutenant Governor.

Land Companies. Section 12 of the Act, as amended in 1937, provides that every land company shall pay a tax of 50 cents for every thousand dollars of business done in the province under the following headings:

- (a) the total amount paid or agreed to be paid by the company for land;
- (b) the total amount received from the sale of land belonging to the company;
- (c) the total amount of revenue received from land belonging to the company, otherwise than by sales;
- (d) the total amount remaining unpaid at the end of the preceding year on sales of land belonging to the company whenever made.

Loan Companies. Every loan company is required to pay a tax of 50 cents for each \$1,000 of the funds which it had under investment in Saskatchewan during the preceding year, irrespective of when the investment was made, with a minimum tax of \$25 when the authorized capital of the company is less than \$50,000, and of \$50 when the authorized capital is \$50,000 or more but less than \$100,000, and of \$100 when the authorized capital is \$100,000 or more.

Telegraph Companies. Section 14, as amended in 1937, of the Corporations Taxation Act provides that every telegraph company and every railway company or other company which owns, leases or operates a line or lines of telegraph and does thereon or carries on in connection therewith a general commercial telegraph business in Saskatchewan, shall pay in respect thereof the following taxes, namely:—

- (a) the sum of \$150 for each city in which the company transacts business;
- (b) the sum of \$15 for each town with a population of 500 or more in which the company transacts business;

- (c) the sum of \$5 for each town with a population of less than 500 and not less than 200, and for each office in any other place with a population of 200 or more, in which the Company transacts business.

Express Companies. Section 15 of The Corporations Taxation Act provides that every express company, and every other company which carries on the business of an express company, shall pay in respect of its express business the following taxes, namely:—

- (a) the sum of \$200 for each city in which the company transacts business;
- (b) the sum of \$75 for each town with a population of 500 or more in which the company transacts business;
- (c) the sum of \$15 for each town with a population of less than 500 and not less than 200, and for each office in any other place with a population of 200 or more, in which the company transacts business.

Trust Companies. Every trust company is required to pay the following taxes, namely:—

- (a) One and one-half per cent. on the gross revenue received by the company from funds of the company used or employed by the company in investments in Saskatchewan;
- (b) One-half of one per cent. of the gross revenue of the company from funds used or employed by the company in investments in Saskatchewan on behalf of or as agent or trustee for any individuals, partnerships, syndicates, beneficiaries of the estates of deceased persons or other corporations;
- (c) One and one-half per cent. of the gross revenue otherwise received by the company during the year derived, arising or accruing from business transacted in the province.

Trust companies must pay a minimum tax of \$100 where the authorized capital of the company is \$100,000 or less, and \$175 where the authorized capital exceeds \$100,000.

Finance Companies. Every finance corporation is required to pay, in addition to all other taxes imposed by the Act, three per cent upon its gross revenue received from interest upon loans and from interest on and discounts received by discounting agreements for sale in financing deferred purchase payments.

Companies receiving money on deposit. Every company, not a bank or private banker, which receives money on deposit, is required to pay, in addition to all other taxes imposed, \$300.

Companies not otherwise specified. Section 10 of the Act provides that any company not incorporated under the provisions of Section 30 of The Companies Act and any company not exclusively engaged in any one or more of the businesses in respect of which taxes have been imposed by the other provisions of the Act, or by the Gasoline Act, or in farming, ranching, employment, telephone or such other businesses as may from time to time be determined by the Lieutenant Governor in Council, shall pay an annual fee to be prescribed by regulation of the Lieutenant Governor in Council.

The Corporations Taxation Act is administered by the Registrar of Joint Stock Companies.

4. Gasoline Tax

The gasoline tax was first imposed by Chapter 17 of the Statutes of 1928, which came into force on the first day of May 1928. The Act was originally administered by the Provincial Secretary, but by Chapter 19, Statutes of 1930, the administration was taken over by the Minister of Highways.

The rate of tax per gallon was originally 3 cents, but this rate was raised to 5 cents in 1931, to 6 cents in 1933, and to 7 cents in 1935.

The present law is contained in Chapter 14 of the Statutes of 1936, as amended by Chapter 7, Statutes of 1937. It is provided that no person shall act as a vendor of gasoline unless he holds a vendor's license issued to him pursuant to the Act, and that no person shall carry on business as a retailer or wholesaler of gasoline unless he holds a license in respect of each place or motor vehicle from which gasoline is sold, or in respect of each place at which orders for the delivery of gasoline are taken or arranged. The fees payable for licenses are as follows:

(a) for a vendor's license	\$ 1.00
(b) for a retailer in a city	\$ 10.00
(c) for a retailer in a town	\$ 5.00
(d) for other retailers	\$ 2.00
(e) for a wholesaler in a city	\$ 15.00
(f) for a wholesaler in a town	\$ 10.00
(g) for a wholesaler hawking or peddling gasoline from a motor vehicle	\$200.00
(h) for other wholesalers	\$ 5.00

The incidence of the tax is set forth in Section 16 of the Act, which provides that every purchaser shall pay to the Minister of Highways for the

use of His Majesty in the right of the Province of Saskatchewan, a charge or tax at the rate of seven cents per gallon on all gasoline purchased or delivery of which is received by him.

The expression "purchaser" is defined as meaning (a) any person purchasing or receiving delivery of gasoline in Saskatchewan for his own use; (b) any person bringing gasoline purchased outside of Saskatchewan into the province for his own use or as an agent for another person, provided that this clause shall not apply to a person bringing into the province, in the tank or container of his motor vehicle, gasoline purchased outside the province for the purpose of propelling the motor vehicle.

By Section 17 it is provided that the tax shall be collected, accounted for, and paid over to the Minister by such persons as he may appoint to act as his collection agents. The Act further provides that the Lieutenant Governor in Council may make regulations:

- (a) governing the method of collection;
- (b) governing the accounting for and paying over of taxes collected;
- (c) prescribing the returns and statements to be made by the persons appointed to collect;
- (d) exempting from the tax or granting rebates of the same to any person;
- (e) governing the grade or quality of petroleum products to be sold in the province; and
- (f) for holding inquiries as to the operation of the Act.

Regulations have been made pursuant to the Act, and the Minister of Highways is empowered thereby to appoint agents to collect the tax from purchasers at the time of purchase or importation and remit the same to the provincial government. At the end of the fiscal year ending April 30, 1936, there were 91 such agents. Approximately two-thirds of the tax is collected from seven major "line" companies, the remainder coming from large oil companies and farmers' co-operative companies. Such agents are required to make returns to the Department of Highways on or before the 20th of each month covering the tax collected during the preceding calendar month. At the time of the filing of the return they pay the tax which they have collected less a deduction of $1\frac{1}{2}$ per cent. which they are allowed to retain as remuneration for their services. They are likewise required to furnish invoices to all purchasers of gasoline, stating separately thereon the amount of tax collected.

Oil Companies

By Section 31b of The Gasoline Act, 1936, as enacted by Chapter 7 of the Statutes of 1937, it is provided that every company which engages in the business of selling and distributing gasoline shall, on or before the first day of July in each year, pay to the Minister for the use of His Majesty in the right of the Province, in respect of each of its storage tanks in the province a tax of \$25 for every such tank with a capacity not exceeding 13,500 gallons and a tax of \$50 for every such tank with a capacity in excess of 13,500 gallons.

5. Public Revenues Tax

The public revenues tax is now levied pursuant to Chapter 36 of the Revised Statutes 1930, as amended by Chapter 10 of the Statutes of 1932, and Chapter 10 of the Statutes of 1933.

The Act provides that in every municipality there shall be levied annually a special rate based upon the assessment as equalized by the Saskatchewan Assessment Commission under the provisions of The Saskatchewan Assessment Commission Act. In rural municipalities the rate is two mills on the dollar of the total assessment of the municipality as fixed by the Saskatchewan Assessment Commission. In cities, towns and villages the rate is to be such as shall produce at least an amount equal to two mills on the dollar of the total equalised assessment as fixed by the commission.

The Act further provides that in each local improvement district there shall be levied annually a special rate of two cents per acre upon every owner or occupant of land situate therein, and upon such land.

In respect of Crown lands held under lease from the Government of Canada or the Province of Saskatchewan for grazing purposes it is provided that the rate to be levied shall be one-fifth of one cent per acre.

No owner or occupant is to be assessed for a less sum than fifty cents.

In municipalities the public revenues tax is collected in the same manner as municipal taxes.

In local improvement districts the public revenues tax is collected at the same time and by the same persons and in the same manner as taxes assessed under The Local Improvement Districts Act.

6. Railway Taxation

Prior to, and for some time after, the formation of the Province, no tax was levied upon the railways in either the Territories or the Province. The first statute dealing with the subject was the Assessment of Railways Ordinance

of 1892, under which each railway company whose lines were not exempted from taxation was required to furnish to the clerk of every municipality certain information. Each municipality or school district would then assess and tax the railway right-of-way in actual use and occupation in connection with the operation of the railway, at a valuation not greater than the average value of the land in the municipality or school district. This enactment still remains on the statute books as The Railway Assessment Act, and represents an initial endeavour to tax railways upon the same basis as other owners of property in the province are taxed.

Section 24 of the Saskatchewan Act provides that "the powers hereby granted to the said provinces shall be exercised subject to the provision of Section 16 of the Contract set forth in the Schedule to Chapter 1 of the (Dominion) Statutes of 1881, being an Act respecting the Canadian Pacific Railway Company."

Section 16 of the contract and agreement referred to is as follows:—

"The Canadian Pacific Railway and all stations and station grounds, workshops, buildings, yards and other property, rolling stock and appurtenances required and used for the construction and working thereof, and the capital stock of the Company, shall be forever free from taxation by the Dominion or by any province hereafter to be established, or by any municipal corporation therein; and the lands of the Company in the North-West Territories, until they are either sold or occupied, shall also be free from such taxation for twenty years after the grant thereof from the Crown."

Under this provision the Province of Saskatchewan and the municipalities within Saskatchewan are precluded from taxing the Canadian Pacific Railway and the properties mentioned in Section 16 of the contract or agreement. There is some doubt as to the extent to which the claim for exemption can be asserted legally. The Company maintains that 1,770 miles of branch lines in Saskatchewan are covered by the exemption provision as well as the main line of some 415 miles. Moreover it is claimed that the remaining 2,141 miles of branch lines in the province are the least profitable in operation. It is stated that a careful estimate has been made of the freight and passenger earnings in Saskatchewan, and that only 16.3 per cent. of these earnings can be credited to the mileage which is not exempt.

A portion of the Canadian National Railway is exempt under the provincial law by the provision that no tax shall be payable in respect of any railway or branch thereof in Saskatchewan which has been aided under statutory authority by guarantee of its securities, for a period of fifteen years from the date of the commencement of the operation of the line. It has also been provided that after the expiration of the period of fifteen years, during the currency

of the guarantee, the amount of taxes payable in respect thereof shall not exceed annually an amount equal to \$30 per mile of the railway or branch, provided that the periods mentioned shall not together exceed the full period of thirty years in respect of any railway or branch. According to information recently furnished by the Canadian National Railway Company, the total mileage of the railway in Saskatchewan is now 4,304.56 miles of which 2,630.22 were built under guarantee and 1,674.34 without guarantee.

Faced with the necessity of exempting at least a part of the lines of the Canadian Pacific Railway, the Legislature enacted the Railway Taxation Act in 1908. This Act, which has never been substantially amended, provides in substance that every railway company owning or operating lines within Saskatchewan shall pay a proportion of the gross earnings of such line to be determined by the Lieutenant Governor in Council but not exceeding the following:—

(a) in respect of that part of the railway or branch of railway in operation for seven years or more, 3 per cent. of the gross earnings derived from the operation of the same;

(b) in respect of that part of the railway or branch of railway in operation for five years or more and less than seven years, $1\frac{1}{2}$ per cent. of such gross earnings.

This Act further provides that no tax shall be payable in respect of any railway or branch in Saskatchewan which has been aided under statutory authority by a guarantee of its securities for the periods mentioned above.

Every railway company is required to file with the Provincial Secretary on or before April 1st in each year a statement of gross earnings. If the company fails to deliver such a statement, the Provincial Secretary is empowered to fix the amounts of the gross earnings at any amount he deems fair and reasonable for purposes of assessing the tax.

As a matter of fact, the railway companies have never filed any statement of their gross earnings from all lines within Saskatchewan. The Canadian Pacific Railway has never admitted liability for taxation under the Railway Taxation Act, on the ground that gross earnings from property in Saskatchewan are equally exempt from taxation as the property from which such earnings are derived. Officials of the provincial government originally held conferences with railway officials, and an understanding was arrived at with the officials of both railways in 1910 as to the amounts which each railway would

agree to pay to the province annually. Under the original agreement the railways failed to make any statement of gross earnings as required by the Act, and the Provincial Secretary would, under his powers, fix the gross earnings of the companies at an amount sufficient when taxed at the rate of 1 per cent. to produce the sum which the railway companies agreed to pay. The rate of tax was annually fixed by Order-in-Council at 1 per cent. upon the recommendation of the Provincial Treasurer. The railways have paid these sums each year up to and including the year 1933 as "contributions" to the provincial revenue and not as taxes. Although payments have been made in the years 1934 to 1937 inclusive there is nothing in writing to indicate how these particular payments are to be regarded, whether as contributions or as taxes.

With reference to the Canadian Pacific Railway Company, an agreement was reached in 1909 covering such "contributions" which should be payable for the years 1907 through 1913. In 1914 agreements were reached as to the amounts which would be paid for the years 1914 through 1918. Again in 1919 agreements were reached for the years 1919 through 1921. In 1922 a further agreement was entered into covering the years 1923 through 1927. Finally in 1928 an agreement covered the sums to be paid by the railway for each year up to and including 1933. A similar series of agreements was entered into with the Canadian National Railways. As the lines of railway were extended, and railway traffic increased, the provincial officials have demanded, and the railways have paid, increasing amounts. No further agreements have been entered into since 1933.

In a letter dated June 20th, 1928, addressed by D. C. Coleman, Vice-President of the Canadian Pacific Railway Company, to the Provincial Secretary, the following statements are contained as to the conditions upon which the payments up to and including the year 1933 were made:—

"The Company must re-state the position taken by Baron Shaughnessy, and repeated from time to time, namely: That the Company maintains and must continue to maintain that its railways in your province, and all property used in connection therewith, and all revenues derived therefrom are forever free from taxation by your Province, or any Municipality therein. The Company is, however, willing to make payment to the revenue of your Province in a greater sum than the amount which the Company claims it can in any way be liable to pay under the Railway Taxation Act, or otherwise. The Company regards, and must continue to regard, such payments not as taxes that can be exacted, but rather as a contribution to your general revenue.

"I beg now to state that the Company is willing to make such payments as follows: For the year 1927, \$175,000.00, of which \$135,000.00 has already been paid; for each of the years 1929, 1930, 1931, 1932 and 1933, the sum of

\$190,000.00; it being agreed that such contributions are for the years above mentioned to include whatever the Railway Company may be liable to pay under the Railway Taxation Act in respect of any part of its line of railway, or for property not exempt, or the earnings thereof, and upon the basis and understanding above mentioned, and upon it being understood by your Government that any such contribution is not to be taken as an admission on the part of the Company that the Company, or its main line of railway and railway branches in Saskatchewan, and the revenue derived therefrom are liable for taxes, and with the express understanding that the Government of your Province will extinguish all claims or rights which your Government had, now has, or may hereafter have, or claim to have, under the Railway Taxation Act or otherwise against the Company for taxes, penalties, or other claims whatsoever, whether such claims are well founded or not, during the period mentioned, namely, until the end of the year 1933. Such payments shall release the Company, and all its railways and railway properties in the Province of Saskatchewan, and all revenue derived therefrom from all taxation and liability to taxation by the Province under the provisions of the Railway Taxation Act, or any other Act, for the years 1927 to 1933 both inclusive.

"Your Government, as in the former arrangements with this Company, will accept the amounts above mentioned without in any way prejudicing the right or rights of the Company as to its contention that it is not liable to taxation on its main line or branches, and that your Government is willing and agrees that any payments so made shall not be construed or taken as an admission or evidence of any liability on the Company for payments of taxes on such main line and branches thereof, or otherwise howsoever.

"The Company on its part agrees that this arrangement, for the years mentioned, is not to affect, limit or prejudice whatsoever right, after the expiration of the year 1933, the Province has, or claims to have, under the Railway Taxation Act, or otherwise."

The Railway Taxation Act is administered by the Provincial Secretary.

7. Education Tax

The Education Tax Act, 1937, being Chapter 9 of the Statutes of 1937, was passed on 16th April, 1937. It was brought into force on the 2nd August, 1937, by proclamation of the Lieutenant Governor.

The incidence of the tax is set forth in Section 5 of the Act which provides, *inter alia*, as follows:—

(1) Every consumer of tangible personal property purchased at a retail sale in the province shall pay to His Majesty the King for the raising of a revenue for educational purposes, at the time of making his purchase, a tax

in respect of the consumption of such property, and such tax shall be computed at the rate of two per cent. of the value of the property to be consumed.

(2) Every user of tangible personal property purchased at a retail sale in the province shall pay to His Majesty the King for the raising of a revenue for educational purposes, at the time of making his purchase, a tax in respect of the use of such property, and such tax shall be computed at the rate of two per cent. of the value of the property to be used.

(3) Every person residing or ordinarily resident or carrying on business in Saskatchewan who brings into the province or who receives delivery in the province of tangible personal property for his own consumption or use, or for the consumption or use of other persons at his expense, or on behalf of or as agent for a principal who desires to acquire such property for consumption or use by such principal or other persons at his expense, shall immediately report the matter to the Provincial Treasurer or his appointee and forward or produce to him the invoice, if any, in respect of such property and any other information required by him with respect to the property, and shall pay the same tax in respect of the consumption or use of such property as would have been payable if the property had been purchased at retail in the province at the same price.

Provision is made by Section 6 of the Act for exempting from taxation the use or consumption of the following classes of property, namely: bread; flour; milk, including buttermilk; cream; butter; eggs; sugar; fresh meat; fresh poultry; fresh fish; water; coal; wood; newspapers; gasoline taxable under The Gasoline Act; farm implements and parts; farm machinery and parts; grain and mill feeds; binder twine; fishing nets, agricultural products (including live stock) produced within the province when sold by the producer thereof; and railway rolling stock, ties and steel rails.

The Education Tax Act, 1937 is administered by the Provincial Treasurer.

It is provided by Section 2 of the Act that the proceeds of the tax shall be used only for expenditures incurred for educational purposes.

8. Miscellaneous Taxes Licenses and Fees

There are a few miscellaneous taxes in force in the Province of Saskatchewan, such as the pari-mutuel tax, and fur royalties.

(a) Pari-Mutuel Tax

By amendment to the Horse Racing Regulation Act, being Chapter 70 of the Statutes of 1933, a tax of 5 per cent. was placed upon all bets made at a race meeting under the pari-mutuel system.

(b) Fur Royalties

Section 31 of the Act for the protection, preservation and production of fur animals, being Chapter 98 of the Statutes of 1936, makes provision for the payment of royalties by all licensed fur dealers in respect of each skin or pelt purchased, the amount of such royalties being determined by the Lieutenant Governor in Council.

Licenses and Fees

Considerable revenue is derived annually in Saskatchewan from licences and fees.

The licensing and regulation of motor vehicles and operators is provided for by The Vehicles Act being Chapter 68 of the Statutes of 1934-35, as amended by Chapter 106 of the Statutes of 1936, and Chapter 79 of the Statutes of 1937 and by The Public Service Vehicles Act, 1937, being Chapter 80 of the Statutes of 1937.

The fees charged for licensing motor vehicles under The Vehicles Act are based as follows:

Passenger vehicles	by wheel base	\$10.00 to \$35.00
Trucks	by gross weight	\$10.00 to \$52.50
Trailers	by gross weight	\$ 2.50 to \$25.00

Dealers are required to pay a graduated fee according to the population of the community wherein they operate.

The fee for an operator's license is 50c and for a chauffeur's license \$5.00.

Section 45 of The Public Service Vehicles Act provides that every owner of a public service vehicle used for the transportation of general merchandise, or of passengers or passengers and express over a specified route, shall pay to the Highway Traffic Board such percentage of the gross earnings resulting from such operations as may be prescribed by the Lieutenant Governor in Council, but not to exceed 2 per cent. The tax has been prescribed as 1 per cent. of the gross earnings.

Apart from motor licences and fees, revenue is derived from other licences and fees covering a wide range of subjects.

B. AMOUNT OF TAXES COLLECTED

1. Succession Duties

The fiscal year in the Province of Saskatchewan ends on the 30th day of April. The succession duties collected by the province in the fiscal years 1912 to 1937 inclusive were as follows:

Year	Duties Collected	Year	Duties Collected
1912	\$ 33,859	1925	\$287,698
1913	\$ 46,475	1926	\$337,353
1914	\$ 74,356	1927	\$295,192
1915	\$ 63,736	1928	\$368,800
1916	\$ 44,380	1929	\$410,626
1917	\$ 69,996	1930	\$468,893
1918	\$117,336	1931	\$323,007
1919	\$154,679	1932	\$199,094
1920	\$278,970	1933	\$177,376
1921	\$331,370	1934	\$148,944
1922	\$314,235	1935	\$223,211
1923	\$280,984	1936	\$324,328
1924	\$489,082	1937	\$311,019

2. Income Tax

The Income Tax Act first came into force in Saskatchewan on 13th April, 1932. Since that date, the tax collections have been as follows:—

Fiscal Year Ended	Income Tax Collected
1933	\$177,376
1934	\$371,660
1935	\$296,919
1936	\$424,793
1937	\$550,806

3. Corporation Taxes

The revenues received by the Provincial Treasury for the fiscal years ending April 30, 1927, to April 30, 1936, from The Corporations Taxation Act were as follows:—

Year	Corporation Taxes Collected
1927	\$516,200
1928	\$507,936
1929	\$565,576
1930	\$581,525
1931	\$583,103

1932	\$521,149
1933	\$751,649
1934	\$705,046
1935	\$588,032
1936	\$614,939

4. Gasoline Tax

The gross and net revenues received by the Provincial Treasury from the gasoline tax for the fiscal years ending April 30, 1929, to April 30, 1937, were as follows:

Year	Gross	Refunded	Net
1929	\$2,078,566	\$ 778,901	\$1,299,665
1930	2,084,765	1,102,857	981,908
1931	4,025,169	2,106,367	1,918,802
1932	2,050,531	829,994	1,220,537
1933	2,036,494	641,950	1,394,544
1934	1,852,191	431,228	1,420,963
1935	1,998,747	499,904	1,498,843
1936	2,554,674	805,615	1,749,059
1937	2,658,264	560,472	2,097,792

5. Public Revenues Tax

The following amounts were received by the Provincial Treasury from the public revenues tax for the fiscal years ending April 30, 1927, to April 30, 1937, inclusive (without deduction for the 3 per cent. commission paid to municipalities):

Year	Public Revenues Tax Collected
1927	\$2,394,329
1928	1,970,504
1929	1,787,238
1930	1,726,919
1931	1,253,783
1932	1,020,764
1933	1,389,787
1934	1,483,826
1935	1,561,631
1936	1,666,174
1937	1,728,090

6. Railway Tax

The taxes paid by all steam railway companies for the fiscal years ending April 30, 1907, to April 30, 1937, inclusive, were as follows:—

Railway Tax		Railway Tax	
Year	Collected	Year	Collected
1907-10	\$144,944	1924	\$200,412
1911	63,720	1925	206,500
1912	64,224	1926	349,000
1913	68,972	1927	349,000
1914	70,972	1928	349,000
1915	142,972	1929	484,000
1916	87,417	1930	404,000
1917	115,362	1931	404,000
1918	109,390	1932	190,000
1919	131,340	1933	618,000
1920	155,729	1934	404,000
1921	106,950	1935	404,000
1922	139,390	1936	404,000
1923	270,824	1937	404,000

7. Education Tax

The Education Tax Act, 1937, was brought into force on 2nd August, 1937. It is estimated that an annual gross revenue of approximately \$2,000,000 will be derived therefrom.

8. Miscellaneous Taxes

Licenses and Fees

(a) **Pari-Mutuel Tax.** For the year ended April 30, 1936, the yield from this tax was \$13,304.65.

(b) **Fur Royalties.** The revenues received from fur royalties for each of the fiscal years ending April 30 from 1933 to 1937 were as follows:

1933	\$53,595
1934	78,255
1935	70,152
1936	59,249
1937	57,296

(c) **Licenses and Fees.** The net revenues received from the licensing and control of motor vehicles and operators in the period intervening between the years 1928 and 1937 were as follows:—

1928	\$2,265,836
1929	2,434,335
1930	2,017,630
1931	1,887,222
1932	1,066,744
1933	1,627,419
1934	1,571,608
1935	1,384,297
1936	1,541,558
1937	1,894,966

In 1936 licenses other than those referred to under the heading of motor licenses and fees produced a total revenue of \$183,908.

In the same year a further sum of \$715,188 was collected in the way of fees from a wide variety of sources.

C. Constitutional Limitations of Provincial Taxation

The subject of the constitutional limitation of provincial taxation may be discussed under the following sub-headings, namely:

1. Constitutional limitations with respect to provincial taxation in general; and
2. Constitutional limitations with respect to particular forms of taxation now in force in Saskatchewan.

1. Provincial Taxation in General

The subject of provincial powers of taxation is dealt with by Section 92 (2) of The British North America Act, 1867, which provides that:

“92. In each province the legislature may exclusively make laws in relation to matters coming within the classes of subjects next hereinafter enumerated, that is to say:

2. Direct taxation within the province in order to the raising of a revenue for provincial purposes.”

The provinces are thus handicapped in exercising their powers of taxation by having to legislate so that:

1. The taxation is direct; and
2. The taxation is within the province.

Direct Taxation

The provincial legislatures have found it extremely difficult to keep within the taxing limitations imposed upon them, and on frequent occasions the constitutional validity of particular forms of provincial legislation has been successfully attacked in the Courts.

The question as to what constitutes "direct taxation" has been considered by the Judicial Committee in a number of cases, and it has been held that the meaning to be attributed to those words is substantially the definition contained in the treatise of John Stuart Mill as follows:—

"A direct tax is one which is demanded from the very persons who it is intended or desired should pay it. Indirect taxes are those which are demanded from one person in the expectation and intention that he shall indemnify himself at the expense of another."

The question of "direct taxation" in relation to the powers of provincial legislatures has been considered by the Judicial Committee in sixteen cases, and in no fewer than nine of these the taxation imposed was held to be indirect and ultra vires of the provinces concerned. This means that the provinces so far have only been successful in maintaining the validity of approximately forty-four per cent. of the taxing measures that have been referred to the courts.

The cases referred to include the following:

(a) Taxes Held To Be Direct

1. *Bank of Toronto v. Lambe* (1887), 12 A.C. 575. The Quebec Act, 45 Vict. ch. 22, which imposed taxes on banks varying with the paid-up capital, and the number of places of business, was held to constitute direct taxation.

2. *Brewers' and Maltsters' Association of Ontario v. Attorney-General for Ontario* (1897), A.C. 231; 66 L.J.P.C. 34. The Liquor License Act (Revised Statutes of Ontario, ch. 194), section 51 (2), requiring every brewer and distiller to obtain a license thereunder to sell wholesale within the province was held to be valid.

3. *Canadian Pacific Railway v. Workmen's Compensation Board of British Columbia*, (1920) A.C. 184; 88 L.J.P.C. 169. It was held that assessments on employers made by the Workmen's Compensation Board for the purpose of the accident fund administered by the Board, were direct in character.

4. *Alleyn. Sharple v. Barthe*, (1922), 1 A.C. 215; 91 L.J.P.C. 81. The Quebec statute which taxed transmissions within the province of the moveable property of domiciled decedents situate outside the province was upheld.

5. *City of Halifax v. Fairbanks Estate et al* (1928) A.C. 117. The Judicial Committee here decided that a business tax, imposed under a city charter on occupiers of real property, and based on the capital value of the premises, was a direct tax.

6. *Attorney-General for British Columbia v. Kingcome Navigation Company Ltd.* (1934) A.C. 45; 103 L.J.P.C.1. The Fuel Oil Tax Act, 1930, of British Columbia, which imposed a tax upon every consumer of fuel-oil according to the quantity which he had consumed, was held to be *intra vires*.

7. *Attorney-General for Manitoba v. Forbes* (1937) A.C. 260. In this case the tax on wages imposed by The Special Income Tax Act, 1933, of Manitoba, was held to be an income tax, and therefore a direct tax.

(b) Taxes Held to be Indirect

1. *Attorney-General for Quebec v. Queen Insurance Company* (1878), 3 App. Cas. 1090. The imposition of a stamp duty on policies of insurance, renewals and receipts, by the Quebec Act, 39 Vict. ch. 7, was held to constitute indirect taxation.

2. *Attorney-General for Quebec v. Reed*, 10 App. Ca. 141; 54 L.J.P.C. 12. In this case a provincial Act which imposed a duty of ten cents upon every exhibit filed in Court was held to be *ultra vires*.

3. *Cotton v. The King* (1914). A.C. 176. It was held that the tax imposed by the Quebec Succession Duty Act, 1906, was indirect for the reason that the executor was required to pay it.

4. *Attorney-General for Manitoba v. Attorney-General for Canada* (1925) A.C. 561; 94 L.J.P.C. 146. The Judicial Committee held it was *ultra vires* of the Manitoba legislature to enact Chapter 17 of its statutes for 1923 entitled "an Act to provide for the collection of a tax from persons selling grain for future delivery."

5. *Attorney-General for British Columbia v. Canadian Pacific Railway Company* (1927) A.C. 934; 96 L.J.P.C. 149. In this case it was held that an

Act of the Legislature of British Columbia, Fuel-Oil Tax Act, R.S.B.C. 1924 (ch. 251), requiring that every person who shall purchase within the province fuel-oil for the first time after its manufacture in, or importation into, the province, shall pay a tax thereon, was ultra vires of the legislature.

6. *The King v. Caledonian Collieries, Limited* (1928) A.C. 358; 97 L.J.P.C. 94. The Mine Owners Tax Act, (1923) (ch. 33), of Alberta, purported to impose upon every mine owner, as therein defined, a percentage tax upon the gross revenue of his mine during each preceding month. It was held that the tax was not direct taxation.

7. *Macdonald Murphy Lumber Co. v. Attorney-General for British Columbia* (1930) A.C. 357. In this case it was held that a provincial tax on timber which is cut within and exported from the province is an export tax and indirect.

8. *Lower Mainland Dairy Products Sales Adjustment Committee v. Crystal Dairy Ltd.* (1933) A.C. 168. Provincial levies on dairy farmers, in the adjustment of returns from products sold, were held to be indirect.

9. *Provincial Treasurer of Alberta v. Kerr* (1933) A.C. 710; 102 L.J.P.C. 137. It was held that the Alberta Succession Duties Act contained no clause excluding personal liability of an executor and that the duties imposed were accordingly indirect.

In the *Kerr* case the legislation was also held to be ultra vires as not constituting taxation within the province, the duties being imposed on property situate outside the province.

2. Constitutional Aspects of Saskatchewan Legislation

Succession Duties

While the duties imposed by the Saskatchewan Act are believed to be direct, certain aspects of the legislation may perhaps be open to challenge as not constituting taxation within the province. Broadly speaking, the Act provides for the taxation of (a) property in the province, and (b) beneficiaries, whether resident or non resident, in respect of the succession.

The taxation upon property situate in the province obviously constitutes taxation within the province, and the constitutional validity of the first class of taxation cannot be challenged.

Divergent views, however, exist with regard to the validity of the second class of taxation, namely, taxation upon or in respect of the succession to all

the moveable or personal property of domiciled decedents. It has been suggested, on the one hand, that when it is said in The British North America Act that the subject of the taxation must be within the province, what is meant is that the person upon whom, or the property upon which, the tax is imposed must be within the province. It has also been contended that succession is merely a transaction or Act of the law by which property is transferred from the decedent to the beneficiary, and cannot itself be the subject of taxation.

As against this view, it has been contended that authority to impose duties upon or in respect of the benefits acquired under a succession on the death of a domiciled decedent was possessed by the provinces before Confederation notwithstanding that the succession comprised in part intra-territorial moveables, and that this authority has not been abrogated. See the judgment of Duff, J. (now C.J.C.) in *Cotton v. The King*, 1 D.L.R. 398, at pages 419 et seq.

Although the decision of the Supreme Court of Canada in the *Cotton Case* was subsequently reversed by the Privy Council, the grounds of that decision were entirely different from those considered in the judgment of Duff, J., *supra*.

Should it be held in any subsequent case, however, that the Saskatchewan Act is invalid, because it covers the succession to all the moveable or personal property of domiciled decedents, irrespective of the location of the property, then the powers of the province would be seriously curtailed, and it would be impossible to reach the outside moveable or personal property of domiciled decedents where the beneficiaries are non residents. In that event, the province could no doubt follow the example of some of the other provinces by imposing a tax upon transmissions within the province. This form of taxation, however, is objectionable for the reasons outlined in the judgment of Robson, J.A., in the judgment delivered by him in *Re Bennett, Provincial Treasurer v. Bennett*, (1926) 2 D.L.R. 291. Moreover, it is by no means clear as to what is meant by the expression "transmission within the province" when applied to residuary benefits.

The limited power of taxation possessed by the province frequently results in administrative difficulties being encountered in the matter of enforcing the filing of returns by persons resident outside the province and the recovery of penalties against such persons for any failure in this regard. By way of illustrating these difficulties the following extract is quoted from the judgment delivered on October 25th, 1937, by MacDonald, J., of the Court of King's Bench for Saskatchewan, in *Rex. v. Hugo Emil Meilicke et al.*—

"All the defendants to whom property is deemed to have passed on the death of the deceased, except Edward J. Meilicke, were at the time of his

death, and continued to be, resident and domiciled outside of Saskatchewan. I am therefore of opinion that the Legislature of Saskatchewan could not impose on them the duty of filing returns, and if it could not, then no penalty could be incurred for not filing them."

If the opinion as thus expressed is well founded, the Province will in future be seriously handicapped in the matter of compelling the filing of tax returns by non residents and in recovering penalties for breach of the statutory provisions. This handicap will apply not only to succession duties but to provincial taxation in general.

2. Income Tax

Section 9 of the Saskatchewan Income Tax Act, which is the charging section, has been copied almost verbatim from The Dominion Income Tax Act. In the second edition of Plaxton & Varcoe on Dominion Income Tax Law, at page 3, the authors give expression to the view that the income tax, as thus imposed, does not fall upon the "income", as such, of the taxpayer. They further state that "income" is used merely as a just standard for computing the amount of the tax, and that the tax is, consequently, a personal tax as contra-distinguished from real or specific taxes. In support of their conclusion reference is made to certain decisions under the English Income Tax Acts, and to the observations of Mignault, J., in *McLeod v. Minister of Customs and Excise*, (1926) S.C.R. 457, at page 464, and of Audette, J., in the judgment delivered by him in *Re Judges' Salaries*, (1924) Ex. C.R. 151, at page 156.

There are two classes of income taxation which might be imposed, as follows:—

(1) A tax upon the income earned, as such, and payable out of such income;

(2) A tax upon the person, the amount of this strictly personal tax being measured by reference to the income earned.

Audette J., appears to consider that the income tax, as imposed by the Dominion Income Tax Act and the Saskatchewan Act, is a strictly personal tax and that it comes within the second category. In *Re Judges' Salaries*, (1924) Ex. C.R. 151, at page 156, he says:

"All that is necessary for the purpose of this case is to find that the salary of a person resident in Canada is subject to the Taxing Act. It is unnecessary to inquire into the source from which the salary is derived, as the tax is a charge imposed by the legislature upon the person."

If the provincial income tax is a strictly personal tax, it would appear to follow that the Act is ultra vires so far as the tax is imposed upon non

residents of the province. In other words, this view of the incidence of the tax would render invalid clauses (d) and (e) of sub-section (1) of section 9 of the Saskatchewan Act.

The decisions under the English Income Tax Act cited by Plaxton & Varcoe would seem to have little or no bearing upon the interpretation which should be placed upon the Canadian and Saskatchewan enactments for the reason that the phraseology used in the English Act differs widely from that used here. For example, in *Colquhoun v. Brooks* (1888), 21 Q.B. 52, at pages 60 and 62, Fry, L.J., in holding that the English legislation imposes a personal tax, arrives at this conclusion for the reason that the Act distinctly places the charge upon the person. Schedule D of the Act says that the duties "shall be charged annually on and paid by the persons, bodies politic, and so forth."

Again, in *Whitney v. Commissioners of Inland Revenue* (1926) A.C. 37, Lord Wrenbury bases his judgment that the English Act imposes a personal tax upon the express wording of the enactment.

In *Birt, Potter & Hughes, Ltd. v. Commissioners of Inland Revenue*, 12 Tax Cas. 976, at page 992, Lord Hanworth, M.R., holds that the English Excess Profits Duty is charged, not on the person, but on the profits exceeding the normal from any trade or business, having regard to the language used in the charging section.

Returning to the phraseology used in the Canadian and Saskatchewan Acts it is submitted that notwithstanding the views expressed by Audette, J., *supra*, it is doubtful if these Acts impose a strictly personal tax. The opening words of the charging section suggest that the charge is not upon the person but upon the income. If it had been intended that a personal tax should be imposed, or that each person should be charged in respect of his income, the section would naturally have been phrased in the following manner,—“An income tax at the rates hereinafter mentioned shall be charged on and paid by every person in respect of his income during the preceding year.”

Difficulties in the administration of the provincial income tax have been encountered by reason of the limited jurisdiction possessed by the province in taxation matters, and by reason of the fact that the revenue laws of the province are not enforceable elsewhere. These difficulties have been particularly noticeable in connection with the assessment of foreign companies carrying on business in the province.

Whether the Saskatchewan Act is considered as imposing a tax upon persons, or upon incomes directly, these administrative difficulties will almost certainly continue to be encountered.

The Act provides for the assessment of five classes of incomes, namely:—

- (a) Income during the preceding year of every person residing or ordinarily resident in Saskatchewan during such year;
- (b) Income during the preceding year of every person who sojourns in Saskatchewan during any year for 183 days;
- (c) Income during the preceding year of every person who is employed in Saskatchewan during such year;
- (d) Income during the preceding year of every person who, not being resident in Saskatchewan, is carrying on business in Saskatchewan during such year;
- (e) Income during the preceding year of every person who, not being resident in Saskatchewan, derives income from services rendered in Saskatchewan during such year, otherwise than in the course of regular or continuous employment for any person resident or carrying on business in Saskatchewan.

Residents—If the tax is regarded as a tax on income directly, and not a personal tax, there may be some doubt as to whether it is possible to tax the income earned during the year preceding the year of assessment, particularly where such income has been taken out of the province.

Regarded as a personal tax, it is enforceable only where the taxpayer continues to reside in the province or has property here. If he leaves the province at the end of the year of charge and is not here during the year of assessment, then, assuming that the tax can be imposed, it is nevertheless not enforceable for the reason that the revenue laws of the province are not enforceable elsewhere.

Sojourners—The same difficulties arise with regard to the taxation of the income of sojourners as those which have already been expressed with regard to the income of residents. Moreover, if the tax can be regarded as a tax upon income directly, and not a personal tax, it is doubtful if the income for the whole of the preceding year can be taxed. It may be that the tax would be confined to the income earned during the period during which the taxpayer sojourned in Saskatchewan.

Employees—The Act apparently contemplates taxation of the entire income of employees, notwithstanding that part of the income may have been earned outside the province. Regarded as a tax on income, the impost would probably be held to be ultra vires to the extent to which it relates to outside income. If, however, the tax can be regarded as a tax upon the person, then

it is possible to reach the employee's entire income if he continues to stay in Saskatchewan. Should he leave the province, however, the tax could not be enforced if he is not the owner of property here.

Carrying on Business—This provision purports to tax the income of non residents from the business carried on by them in the province during the year prior to the year of assessment. It appears to throw doubt on the accuracy of the view that the income tax comes within the strict category of personal taxes, because, regarded in this aspect, it would be *ultra vires* of the provincial legislature as imposing taxation not within the province.

Regarded as a tax upon non residents in respect of income earned within the province during the preceding year, it may possibly still be *ultra vires* where the income has been collected and taken beyond the provincial boundaries before the tax has been actually assessed. In any event the tax could not be enforced in such circumstances by reason of the principle that provincial revenue laws are not recognized elsewhere.

Even regarded as a tax upon income directly, the tax affecting non residents may be found difficult of enforcement where the taxpayer is not carrying on business in the province continuously.

Sections 26 and 27 of the Saskatchewan Act provide for the taxation of non residents who are carrying on business, producing or merely soliciting orders in Saskatchewan. Where a non resident produces in Saskatchewan and exports without sale he is deemed to be carrying on business and to earn within the province a proportionate part of the profit ultimately derived from the sale outside. The Commissioner has full discretion as to the manner of determining the proportionate part. Where a non resident solicits orders or offers anything for sale in Saskatchewan through an agent or an employee, he is deemed to be carrying on business and to earn a proportionate part of the income derived therefrom in Saskatchewan, "whether any contract or transaction which may result therefrom is completed within Saskatchewan or without Saskatchewan." The object of this section was apparently to avoid the consequences of a series of English decisions referred to by Plaxton & Varcoe in the second edition of their book on Dominion Income Tax Law, beginning at page 141.

The constitutional validity of these provisions, however, may be open to question as they appear to constitute an attempt on the part of the province to make the income from transactions to be situated in the province for purposes of taxation, where, according to the English decisions referred to such income is actually earned outside the province. Support for the view that

provisions of this character are ultra vires of the province is found in the judgment of the Supreme Court of Canada in *The King v. National Trust Company*, (1933) Can. S.C.R. 670.

The same difficulties arise with respect to the taxation of non residents who derive income from services rendered in Saskatchewan as in the case of the taxation of non residents carrying on business here.

3. Corporation Taxation

In view of the decision of the Privy Council in *Bank of Toronto v. Lambe*, (1887) 12 A.C. 575; 56 L.J.P.C. 87, it is believed that the taxes imposed by The Corporations Taxation Act are intra vires the provincial legislature.

4. Gasoline Tax

The incidence of the Gasoline tax is set forth in Section 16 of The Gasoline Act, 1936, which provides that every purchaser shall pay to the Minister of Highways for the use of His Majesty in the right of the Province of Saskatchewan, a charge or tax at the rate of seven cents per gallon on all gasoline purchased or delivery of which is received by him.

The expression "purchaser" is defined as meaning: (a) any person purchasing or receiving delivery of gasoline in Saskatchewan for his own use; (b) any person bringing gasoline purchased outside of Saskatchewan into the province for his own use or as an agent for another person, provided that this clause shall not apply to a person bringing into the province, in the tank or container of his motor vehicle gasoline purchased outside the province for the purpose of propelling the motor vehicle.

This particular type of taxation is similar to that which was held to be direct in the case of *Attorney-General for British Columbia v. Kingcome Navigation Company*, supra.

5. Public Revenues Tax

The Public Revenues Tax is now levied at the rate of 2 mills on the aggregate assessment of the province, as equalized by the Saskatchewan Assessment Commission. Such a tax was first levied in 1916 under the Patriotic Revenues Act, which provided for a tax of 1 mill on each \$1.00 of assessed value to provide funds for meeting these conditions. In 1917 the rate was raised to 1½ mills, and in 1918 to 2 mills. In the latter year its name was changed to the Public Revenues Tax. The rate was reduced to 1½ mills in 1927, but in 1932 it was again increased to 2 mills to assist in meeting provincial revenue deficits that developed as a result of drouth conditions.

There can be no doubt as to the validity of the public revenues tax. It is a direct tax upon or in respect of land situated in the province.

6. Railway Taxation

Section 24 of the Saskatchewan Act provides that "the powers hereby granted to the said province shall be exercised subject to the provisions of Section 16 of the contract set forth in the Schedule to Chapter 1 of the (Dominion) Statutes of 1881, being an Act respecting the Canadian Pacific Railway Company." Section 16 of the contract and agreement is as follows:—

"The Canadian Pacific Railway, and all stations and station grounds, workshops, buildings, yards and other property, rolling stock and appurtenances required and used for the construction thereof, and the capital stock of the company, shall be forever free from taxation by the Dominion or by any province hereafter to be established, or by any municipality therein; and the lands of the company in the North-West Territories, until they are either sold or occupied, shall also be free from such taxation for twenty years after the grant thereof by the Crown."

The Company places a very wide interpretation upon this exemption provision, as is evident from the letter dated 20th day of June 1928, addressed by D. C. Coleman, Vice-President, to the Provincial Secretary. In the course of this letter it is stated that,—“The Company maintains and must continue to maintain that its railways in your province, and all property used in connection therewith, and all revenues derived therefrom, are forever free from taxation by your Province, or any municipality therein. The Company is, however, willing to make payment to the revenue of your Province in a greater sum than the amount which the Company claims it can in any way be liable to pay under The Railway Taxation Act or otherwise.”

The effect of this statement is that the Canadian Pacific Railway Company claims to be entirely exempt from taxation, whether personal or property taxation, and that it regards the payments it is now making annually as contributions rather than as taxes.

The Company takes the further position that even admitting that the charter exemption is not wide enough to cover certain of the branches of the railway built in Saskatchewan, it has been found that only 16.3 per cent. of the freight and passenger earnings in Saskatchewan can be attributed to these branches. According to this analysis the exemption is applicable to 415 miles of main line, and 1770 miles of charter branches, but is not applicable to 2141 miles of non-charter branches.

Having regard to the wide exemption claimed by the Canadian Pacific Railway, the Saskatchewan Government has heretofore deemed it expedient

to accept settlement on the basis of the agreements which have been entered into from time to time. It was considered advisable to follow this course of action rather than to embark on litigation with the Company, the results of which might conceivably place the Province in a less advantageous position. Moreover, the present Railway Taxation Act, being Chapter 39 of the revised Statutes, 1930, does not place a tax upon income in the usual sense of that term but rather upon the gross earnings of the railways. It is not likely, however, that the decision of the Judicial Committee in *The King v. Caledonian Collieries, Limited*, *supra*, would apply to a tax on the gross earnings of a railway.

Although the Canadian National Railway Company is not exempt from taxation in the manner and to the extent provided for in the case of the Canadian Pacific Railway Company, nevertheless the Saskatchewan Government has deemed it advisable to treat both companies alike in the matter of taxation. It has been felt that the Government could not reasonably impose a greater burden of taxation on one Company than is applicable to the other. In substance, therefore, the whole question of railway taxation is governed by the agreements come to from time to time.

7. Education Tax

The Education Tax Act, 1937, being Chapter 9 of the Statutes of Saskatchewan, 1937, provides that every consumer and user of tangible personal property purchased at a retail sale in the province shall pay to His Majesty the King for the raising of a revenue for educational purposes, a tax in respect of such consumption or use, and such tax shall be computed at the rate of two per cent. of the value of the property to be consumed or used.

This is a new mode of taxation, the validity of which has not yet been challenged. It is believed, however, that it can be supported by reference to the decision of the Judicial Committee in *Attorney-General for British Columbia v. Kingcome Navigation Company, Limited*, *supra*.

The foregoing observations with regard to the constitutional aspects of provincial taxation in general, and of the particular forms of taxation now in force in Saskatchewan, clearly show that the province is placed in a most precarious position with respect to its taxing enactments. It has been shown that over 55 per cent. of the provincial taxing statutes in general have been successfully attacked in the Courts as constituting indirect taxation, and there is little reason to hope that such attacks will cease or that they will be any less successful in the future. Little attention has hitherto been given by prospective litigants to the exact meaning and scope of the words "within the province" in relation to taxation, and it may be that this limitation in the powers of taxation will be found equally as troublesome to the province in

future litigation as has been the case in the past with respect to "direct taxation." The provinces are therefore placed in the unenviable position of never being certain as to whether or not any particular enactment is *intra vires*. It is submitted that such a state of affairs is extremely undesirable, and that it should be rectified without delay.

D. Financial and Economic Conditions Affecting Taxation

The financial and economic conditions affecting taxation in Saskatchewan may be considered under the following sub-headings, namely:—

- (1) Burden of taxation in general; and
- (2) Financial and economic conditions affecting particular types of taxation.

1. Burden of Taxation

It is submitted that the Province of Saskatchewan has to all intents and purposes exhausted all the avenues of taxation reasonably open to it, and that the burden of taxation upon the people of the province has now reached the extreme limit. These conclusions are based upon the following considerations, namely:—

(1) The Province has adopted practically all the forms of taxation existing in the other provinces, with the exception of a tax upon wages which exists in one or two provinces.

(2) The Province has recently imposed an education tax for the taxation of the consumers and users of tangible personal property. No other province has a similar enactment. In the Bank of Canada Report on the financial position of Saskatchewan (1937) it was suggested that the province should itself make a contribution towards providing additional funds. This form of tax was recommended by the Jacoby Commission (1936). The proceeds of the tax are used for the support of education. It is expected to yield in the neighborhood of \$2,000,000. annually.

(3) In an attempt to indicate the burden of taxation in this province as compared with the other provinces, Table I is inserted, showing the combined tax load of the several provinces for the years 1933 and 1934. In parallel columns appears the estimated net production of the respective provinces for the same years. This table is submitted with some misgiving especially since it covers only two years. The explanation for this is that complete figures on municipal taxation are not available for other years. It may be objected that 1933 and 1934 were comparatively poor years for Saskatchewan and this will be readily

TABLE I (1)

Combined Provincial and Municipal Tax Receipts
for Years 1933 and 1934 Together With Value
of Net Production for the Same Years

Province	Combined provincial and municipal tax receipts		Value of net production	
	1933 \$	1934 \$	1933 \$	1934 \$
Prince Edward Island	757,221	811,367	15,117,000	14,891,000
Nova Scotia	10,286,856	10,693,391	105,023,500	132,194,000
New Brunswick	5,026,880	4,853,732	69,341,000	86,601,000
Quebec	99,412,012	99,439,692	822,915,400	959,842,000
Ontario	155,705,174	154,858,622	1,400,993,000	1,673,584,000
Manitoba	23,303,044	24,964,394	160,427,400	190,893,000
Saskatchewan	22,479,518	22,066,216	137,837,500	164,397,000
Alberta	18,651,215	18,373,857	207,183,600	256,210,000
British Columbia	31,734,923	31,044,095	269,205,500	324,076,000
All Provinces	367,356,843	367,105,366	3,188,043,900	3,802,688,000

(1) Data from Canada Year Book. Provincial taxes include licenses and permits on motor vehicles.

admitted. It may be pointed out, however, that other years have been as poor, and that 1931 and 1937 show lower net production. It may also be pointed out that tax yields are lower in the years of low incomes. Nevertheless, it is admitted that the period chosen is too short to be of any great value.

From the totals of net income and tax receipts the comparative figures set out in Table II have been calculated. It will be noted that the per capita burden of taxation for the years in question was higher in Saskatchewan than the corresponding burden in the Maritime provinces, but lower than in the other provinces. It is submitted, however, that production offers a much sounder basis for comparison, since tax burdens can be intelligible only on the basis of capacity to pay. When total tax receipts are expressed as a percentage of the net production it will be observed that the burden on Saskatchewan taxpayers was extremely heavy, on a comparative basis heavier than in any other province for the years 1933 and 1934.

TABLE II (1)

Comparative Tax Burden of the Several Provinces:
The Per Capita Burden and the Total Burden Expressed as
a Percentage of Net Income (1933 and 1934)

Province	Per Capita		As a percentage of net production	
	1933	1934	1933	1934
	\$	\$	%	%
Prince Edward Island	8.51	9.12	5.01	5.45
Nova Scotia	19.71	20.37	9.79	8.09
New Brunswick	11.97	11.42	7.25	5.60
Quebec	33.47	32.95	12.08	10.36
Ontario	43.69	42.67	11.11	9.25
Manitoba	32.82	35.11	14.53	13.08
Saskatchewan	24.12	23.68	16.31	13.42
Alberta	24.93	23.40	9.00	7.17
British Columbia	44.57	42.82	11.79	9.58
Canada	34.39	33.92	11.50	9.64

- (1) Canada Year Books 1934-35 and 1936. Provincial taxation items included are real and personal property, mining, corporation, succession duties, income, motor fuel or gasoline, amusement tax, other taxes, licenses and permits on motor and other vehicles.

As has been stated above, this study has been confined to the years 1933 and 1934 for the reason that taxation data was not available for other years. For the years 1931 and 1932 the figures were partially complete, the former representing a year of very low production for Saskatchewan. Even had this study extended over a period of years sufficiently long to be representative, however, it is extremely doubtful whether much can be claimed for this method. Two criticisms may be suggested, (a) there is a doubt whether a proper method of measuring net production has yet been arrived at; (b) income rather than production offers a proper index of capacity to pay. Net production figures indicate income figures only very imperfectly, if at all. For instance, in several provinces it is believed that the residents are in receipt of considerable income from investments, but this is not true of Saskatchewan. Such income does not appear in net production figures.

(4) A reference to income tax and succession duty returns in other parts of this submission will indicate that very few people in this province are possessed of great wealth or in receipt of large incomes. The tax burden must necessarily, in large measure, fall upon people of small means. On such persons tax payments to the extent disclosed in this submission must necessarily constitute a heavy burden. The figures for 1933 and 1934 respectively indicate tax payments to the extent of 16.31 and 13.42 per cent of net pro-

duction for these years. If to this burden is added federal imposts, such as customs and excise and sales tax, it is evident that the Saskatchewan taxpayer contributes largely to the support of government.

2. Financial and Economic Conditions Affecting Particular Types of Taxation

In addition to having largely exhausted the available sources of taxation, the Province is labouring under certain financial and economic disadvantages in relation to the various types of taxation imposed. These are referred to hereunder.

Succession Duties

Succession duties possess the economic quality of tending to fall on capital or accumulated wealth rather than on income. It has accordingly been suggested that the imposition of these duties has the effect of retarding progress. Moreover, if high duties are imposed, there is a strong inducement to resort to gifts inter vivos and other methods of avoiding liability. It is difficult to determine to what extent these objections apply to the duties levied in Saskatchewan. The Province, is, however, at a comparative disadvantage in the matter of collecting succession duties by the following special considerations, namely:—

(1) Since the formation of the province the population has been subsisting largely on borrowed capital, and the amount of accumulated wealth in the hands of individuals is comparatively small;

(2) Owing to the severe climatic conditions which exist in Saskatchewan there is a marked tendency on the part of those who have accumulated wealth to transfer both it and themselves to other places possessing a more congenial climate;

(3) Corporations doing business in the province usually have their head offices in the eastern provinces, thereby making it impossible for Saskatchewan to tax the shares of such corporations held by deceased persons on the basis of situs; and

(4) Periods of depression affect Saskatchewan more severely than they affect most of the other provinces, for the reason that the people here are for the most part engaged in agricultural pursuits.

The amount of accumulated wealth in the hands of individuals in the Province of Saskatchewan is small as compared with that existing in other provinces. This is evident from statistics which have been prepared regarding

the value of estates dealt with by the Succession Duty branch of the Department of the Attorney General. For example, the value of estates in the fiscal year which ended on the 30th day of April, 1921, were as follows:—

Estates received	2508
Estates exempt	1752
Estates dutiable	756

Number of estates where aggregate value:

Exceeded	Did not exceed		Exceeded	Did not exceed	
\$	\$ 5,000	1419	150,000	300,000	25
5,000	10,000	457	300,000	400,000	2
10,000	15,000	199	400,000	500,000	2
15,000	25,000	176	500,000	700,000	0
25,000	50,000	130	700,000	800,000	1
50,000	75,000	43	800,000	900,000	2
75,000	100,000	25	900,000	1,000,000	1
100,000	150,000	22	1,000,000	.....	4

It will be observed from these figures that the great majority of estates dealt with in this Province are of comparatively small value, very few estates of domiciled decedents exceeding 50,000 in aggregate value. The estates in the larger brackets exceeding that figure belonged for the most part to persons dying domiciled outside the province and leaving only a portion of their assets in the province.

The severe climatic conditions experienced in Saskatchewan, particularly during the winter months, undoubtedly have considerable effect in inducing people of means to move to other countries where the climate is more equable. Where this takes place, and it is believed that it does so in frequent instances, the province cannot impose duties in respect of the succession to property accumulated here and transferred elsewhere.

Little in the way of death duties is collected in Saskatchewan in respect of company stocks and shares, for the reason that these assets have a situs only at the place of registration, which in most cases is at the place where the head office is situated. It is well known that most of the large corporations have their head offices in Ontario and Quebec, with the result that succession duties on stocks and shares are for the most part collected by these provinces. It is true, of course, that the province of the domicile collects duties on the succession or transmission of shares to resident beneficiaries, but this does not affect the general conclusion that Ontario and Quebec are the main beneficiaries so far as duties on assets of this character are concerned.

Saskatchewan is almost entirely dependent upon the development of the agricultural industry, and particularly upon the growing of grain. Where there is a total or partial crop failure owing to drought or where the country is otherwise suffering from economic depression, the result is immediately felt so far as revenue from succession duties is concerned. These duties are a tax upon capital, and where capital depreciates in value during times of economic stress there must, of necessity, be a corresponding fall in the amount of duties imposed upon such capital.

Income Tax

The main financial and economic difficulties experienced by the Province in the matter of income tax collections are as follows:—

(1) There are very few persons in the province possessing taxable incomes in excess of \$5,000.00.

(2) Owing to the severe climatic conditions existing in the province, those who accumulate wealth here frequently prefer to reside elsewhere, with the result that there is a corresponding diminution in the amount of resident income taxes collected.

(3) Corporations doing business in the province usually have their head offices elsewhere, and difficulties are experienced in the matter of determining the income earned within the province.

(4) There is a large number of corporations doing business with residents of the province in the way of executing mail orders. These corporations cannot legally be said to be carrying on business in the province so as to subject them to income taxation. See the cases referred to in Plaxton and Varcoe on "Dominion Income Tax Law," second edition, at page 141 et seq.

(5) It is impossible to collect income tax from individuals who derive income from business carried on in the province, but who are residing elsewhere when the tax is assessed, by reason of the application of the principle that the revenue laws of the province are not enforceable elsewhere.

The incomes earned by people resident in the Province of Saskatchewan are small as compared with the amounts earned in other provinces. This is evident from an examination of Dominion Income Tax collections over a period of years.

The statistics in Table III have been prepared by the Commissioner of Income Tax with reference to individuals assessed for income tax in this province for the year 1935.

TABLE III

Classification of Persons Assessed for Income Tax,
Saskatchewan, 1935

Single Persons

Taxpayers with Net Incomes under \$1,000.00	3326
Taxpayers with Net Incomes between \$ 1,000.00 and \$ 1,500.00	2476
Taxpayers with Net Incomes between 1,500.00 and 2,000.00	872
Taxpayers with Net Incomes between 2,000.00 and 3,000.00	289
Taxpayers with Net Incomes between 3,000.00 and 4,000.00	49
Taxpayers with Net Incomes between 4,000.00 and 5,000.00	12
Taxpayers with Net Incomes between 5,000.00 and 10,000.00	34
Taxpayers with Net Incomes between 10,000.00 and 15,000.00	4
Taxpayers with Net Incomes between 15,000.00 and 20,000.00	3
Taxpayers with Net Incomes between 20,000.00 and 25,000.00	2
	<hr/>
	7067

Married Persons

Taxpayers with Net Incomes under \$2,000.00	1836
Taxpayers with Net Incomes between \$ 2,000.00 and \$ 3,000.00	2785
Taxpayers with Net Incomes between 3,000.00 and 4,000.00	818
Taxpayers with Net Incomes between 4,000.00 and 5,000.00	287
Taxpayers with Net Incomes between 5,000.00 and 10,000.00	291
Taxpayers with Net Incomes between 10,000.00 and 15,000.00	23
Taxpayers with Net Incomes between 15,000.00 and 20,000.00	1
Taxpayers with Net Incomes between 20,000.00 and 25,000.00	0
Taxpayers with Net Incomes between 25,000.00 and 30,000.00	1
	<hr/>
	6042

Total, both classes	13109
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With reference to the figures appearing in Table III it will be noted that only 34 persons enjoyed net incomes of \$10,000.00 or more in 1935. Had the combined total incomes of these persons been confiscated the yield would have been only \$441,790.81. A confiscation of the amounts in excess of statutory deductions would have yielded \$383,847.31.

Corporations Tax

The difficulties in connection with the collection of the corporations tax by the province are very similar to those which exist with respect to income tax, and may be briefly referred to as follows:—

(1) Very few corporations have their head offices in the province, and it is accordingly not possible to derive any revenue from the taxation of out-

side corporations except in the case of those companies which are registered under the Companies Act.

(2) Companies registered under the Companies Act are confined to corporations "carrying on business" in the province as this expression is legally understood, thus excluding a large class of corporations taking orders from Saskatchewan customers to be executed through the mail.

(3) In *The King v. Caledonian Collieries, Limited*, (1928) A.C. 358, the Privy Council decided that the taxation of mine owners by reference to the gross revenue of mines is ultra vires. The principle of this decision would appear to prevent the province from taxing corporations engaged in the production of commodities according to their gross revenues. As a result the province has to adopt more or less arbitrary methods of taxation.

(4) The present bases of corporation taxation are objectionable in that the fixed taxes imposed are, in some instances, inadequate when compared with the class and amount of business transacted, and in other cases, they are so onerous as to induce certain classes of corporations to withdraw partially from the province. For example, it is noted in the report of the Jacoby Commission that mercantile and manufacturing companies pay a tax only with respect to their authorized capital. These taxes totalled only \$79,754 during the calendar year 1935, covering 1999 companies or an average of less than \$40. per company, a totally inadequate contribution by these corporations. Again, the heavy tax exacted in previous years from finance companies is reported to have resulted in the partial transference of this type of business to other provinces. Furthermore, a tax on banks based on the number of branches may operate unjustly, and may be one factor in inducing banks to close branches where gross revenues are relatively small.

Gasoline Tax

The yield from this tax is not large when compared with the receipts in certain other provinces having similar legislation. Ontario with a motor vehicle registration of 590,226 in 1936 realized more than eight times as much revenue as Saskatchewan with 102,270 registrations. In Ontario the tax was at the rate of 6 cents per gallon, in Saskatchewan 7 cents per gallon. There is a larger gallonage consumption per vehicle in Ontario, and it may be that the refunds and exemptions are more liberal in Saskatchewan.

Public Revenues Tax

As indicated, this is a tax upon land and is the only land tax imposed by the government of the province. It has long been urged that the field of land taxation should be exclusively reserved to the local governing bodies, such

as municipalities and school districts, and that the province should withdraw from this field. The Jacoby Commission found that the imposition of this tax constituted an invasion by the provincial government of a field of taxation that properly should be reserved to the municipality and recommended its abolition. The Commission recognized that this source of provincial revenue would have to be taken care of by other taxes and recommended the imposition of both a sales and a wage tax. The government felt that the imposition of both taxes would constitute double taxation in the case of persons with lower incomes and decided that only one of the two taxes should be imposed. As between these two taxes it was plainly evident that the sales tax would be borne by all the people of the province whereas a wage tax would be borne by only a few. The sales tax was accordingly selected as against the wage tax. It takes the form of the education tax described above.

The government feels that it must look to the day when it will either withdraw from the field of land taxation or utilize the proceeds thereof for the purpose of equalizing the burden of taxation as among school districts or municipalities. In other words, that the tax should be exclusively used to assist the local governing bodies in providing social services which they are called upon to take care of. The government has not laid down a definite policy as to the specific use to which this source of revenue might be utilized, but aims, in principle, to convert the same to the ultimate use of local governing bodies.

Railway Taxation

The province of Saskatchewan has been very seriously handicapped in the matter of railway taxation by reason of the charter exemption originally granted to the Canadian Pacific Railway Company, and which has been made part of The Saskatchewan Act.

In view of this charter exemption, the provincial government deemed it expedient to compromise on the subject of the amount of taxation to be paid from time to time with the result that in the period between the years 1909 and 1935 Saskatchewan collected only 3.80 per cent of the total taxes collected throughout Canada. This is shown in the following table of railway taxes collected in the period mentioned.

**Table of Railway Taxes Collected in Canada for the Years 1909 to 1935
Inclusive as Compared With the Taxes Collected in Saskatchewan
During the Same Period**

Year Ended June 30:

Taxes Collected in all Provinces		Taxes Collected in Saskatchewan	
1909	\$1,594,880.00	1909 ---	\$ 48,870.00
1910	1,776,648.83	1910	161,575.45
1911	1,955,741.58	1911	79,019.28
1912	2,200,438.55	1912	71,537.29
1913	2,444,960.68	1913	73,284.28
1914	2,822,774.35	1914	102,853.76
1915	3,049,727.62	1915	96,477.85
1916	3,321,801.00	1916	107,660.00
1917	4,354,172.52	1917	251,576.00
1918	4,011,088.38	1918	163,186.37
1919	5,061,432.96	1919	259,027.80

Year Ended December 31:

1919	5,265,242.11	1919	149,115.07
1920	9,353,089.06	1920	418,363.17
1921	9,499,416.03	1921	139,821.95
1922	9,051,697.82	1922	220,206.14
1923	9,304,841.62	1923	219,428.44
1924	8,684,853.22	1924	217,162.90
1925	8,997,071.07	1925	225,035.38
1926	10,783,788.05	1926	368,655.92
1927	9,676,587.26	1927	367,668.35
1928	11,133,853.19	1928	454,999.64
1929	10,394,687.31	1929	431,053.92
1930	9,631,036.81	1930	434,237.69
1931	9,164,530.57	1931	434,437.96
1932	8,541,869.77	1932	430,290.76
1933	9,074,255.26	1933	427,755.19
1934	8,990,970.46	1934	430,954.34
1935	9,072,259.15	1935	423,777.11
Total	<u>\$189,213,715.23</u>	Total	<u>\$7,208,032.01</u>

It will be observed from the foregoing tables that in the period between the years 1909 and 1935 the railway taxes collected in all the provinces of Canada amounted to \$189,213,715.23 whereas in the Province of Saskatchewan the amount collected during that period was \$7,208,032.01. In other words, railway taxes collected in Saskatchewan amounted to only 3.80 per cent. of the total taxes collected from the railways throughout Canada. As the Canadian Pacific Railway Company admits that it receives 12.9 per cent. of its freight and passenger revenue from the Province of Saskatchewan, it is submitted that the province should have collected a much larger percentage of the total tax revenue in the period between 1909 and 1935.

The Canadian Pacific Railway was built as a great national undertaking with the idea that all the provinces would thus be welded into one nation, and that all the provinces should contribute in a more or less equal degree towards accomplishing this desirable end. As a result of the charter exemption in favour of the railway, however, the provinces of Saskatchewan and Alberta have indirectly been compelled to contribute more than their proper share to the undertaking, their right of taxation being in effect taken away from them. It is submitted that this state of affairs is grossly unfair to these provinces, and that it should receive attention in any examination of provincial finances. The part Saskatchewan plays in support of the National transportation system will be given further consideration in Part VI of this submission.

7. Education Tax

The Education Tax Act has only been in force since the 2nd day of August, 1937. It is a tax upon the consumers and users of tangible personal property, the rate of taxation being two per cent. of the value of the property to be consumed or used. The proceeds of the tax are to be applied exclusively to educational purposes.

This particular type of taxation is difficult to administer for the following reasons, namely:—

- (a) By the provisions of The British North America Act no restrictions can be placed by any province upon inter-provincial trade; and
- (b) It is extremely difficult to collect the tax with respect to the use or consumption of tangible personal property brought into the province.

E. Allocation of Taxation

It is submitted that the present system of allocation of the subjects of taxation as between the Dominion and the Provinces has worked adversely to the interests of Saskatchewan, and that there should be a complete re-allocation with a view to a more equitable distribution of the proceeds derived from taxation generally.

The following submissions are accordingly made with respect to the several forms of taxation now in force in the Province.

Succession Duties

It is submitted that the subject of succession duties and death duties in general should be placed within the exclusive jurisdiction of the Dominion Parliament, and that the power of legislating on the subject should be withdrawn from the provincial legislatures. The reasons for this submission may be stated as follows:—

(1) Under provincial administration serious constitutional difficulties have been encountered in connection with the imposition and collection of succession duties by reason of the limitation of the taxing powers of the province to direct taxation within the province. These difficulties have been the source of much litigation, and there is every likelihood that further contests in the Courts will take place if these duties continue to be administered under provincial legislation. Questions may yet come before the Courts as to what is the precise meaning of the expression "transmission within the province," as used in several of the provincial statutes, and as to the power of the provinces to tax beneficiaries in respect of the right or privilege of succeeding to the personal property of domiciled decedents, irrespective of the location of the property and where the beneficiaries are resident. These constitutional difficulties would largely disappear if the Dominion Parliament had sole jurisdiction over the subject of death duties. There can be little or no doubt that the Dominion Parliament can impose an estate tax similar to that which is now imposed by the Federal authority in the United States of America. Moreover, there would appear to be no constitutional obstacle in the way of the Federal Parliament imposing a tax in the nature of a legacy or succession duty upon beneficiaries receiving benefits from the estates of deceased persons who die domiciled in any one of the Canadian provinces.

(2) Under the present provincial succession duty enactments double duties frequently become payable by reason of the application of the dual principles of domicile and situs. This liability to double taxation has been the source of annoyance to those concerned. Attempts have been made to overcome this objectionable feature of the taxation by way of provisions for reciprocity. These provisions, however, have largely been ignored by the provinces for two reasons, namely:—

- (a) The general application of the principle of reciprocity would more seriously affect the revenue of the western provinces than that of the more populous provinces in the east.
- (b) All of the provincial executives naturally choose such basis or bases of taxation as will yield the maximum revenue.

Should the imposition of death duties be placed within the sole jurisdiction of the Dominion Parliament double taxation would be largely eliminated save with respect to estate assets situate outside of Canada. There would accordingly be little or no necessity to consider the application of reciprocal principles.

(3) While the present provincial enactments are styled succession duties, the taxes imposed thereby resemble estate duties rather than legacy and succession duties. They are imposed on the estate valued as at the time of death upon the theory that some portion or portions of such value can be shown to pass to certain beneficiaries. Difficulties have arisen, and are likely to arise, in the matter of ascertaining the tax payable by each individual beneficiary, by reason of the application of the principle of strict construction of taxing enactments. See, for example, the judgment delivered by Robson, J. A.,—*In re Bennett, Provincial Treasurer v. Bennett* (1936) 1 W.W.R. 691; (1936) 2 D.L.R. 291. These difficulties of construction could be overcome by giving the Dominion Parliament exclusive jurisdiction in this field of taxation.

(4) It is believed that legislation relating to death duties could be more effectively administered under the Dominion authorities than it is being administered by the provinces, for the following reasons, namely:

- (a) The Dominion would not be hampered by constitutional or legal difficulties to the same extent as has been experienced by the provinces;
- (b) The Dominion has the power of effectually taxing property and beneficiaries wherever found in Canada, and of pursuing beneficiaries throughout the Dominion, whereas the provinces are confined to the provincial boundaries by reason of the application of the principle that the revenue laws of any one province are not recognized elsewhere;
- (c) The Dominion collects income taxes in respect not only of the income of its own citizens but in respect of all income earned in Canada. The income tax records would be found extremely valuable in checking the accuracy of death duty returns, and vice versa.

(5) Federal administration of death duties obtains in other countries in one form or another. In South Africa provision has been made for the imposition of both estate duties and succession duties by The Union Death Duties Act, 1922 (No. 29), and The Death Duties (Amendment) Act, 1925 (No. 31). These duties supersede the former duties imposed by the different States of the Union. Under the Estate Duty Assessment Act, 1914-22, of the Commonwealth of Australia estate duty is charged on (1) all real property in Australia; (2) all personal property if the deceased was domiciled in Australia; and (3) all personal property in Australia if not so domiciled. Death Duties in various forms are also imposed by the Australian States.

In the United States of America the federal parliament has imposed an estate tax on a graduated scale. Most of the American States have inheritance taxes, although in some of them estate duties are collected.

It is submitted that the Province of Saskatchewan is not receiving its proper share of the revenues from death duties collected in Canada under the present provincial administration when such revenues are considered on a comparative basis by reference to (a) the percentage of new wealth produced annually in Saskatchewan as compared with the total new wealth produced annually in the Dominion; or (b) the population of Saskatchewan as compared with the total population of the Dominion.

It is submitted that the provinces should abandon this field of taxation in favor of the Dominion. This to be done on the understanding that the receipts from the tax shall be distributed to the provinces as part of a plan of financial adjustment. Distribution on a per capita basis is suggested.

Had succession duties been collected and distributed in the past on the basis of population, the Province of Saskatchewan would have received approximately three times the amount actually collected. The other provinces, with the exception of Ontario, would also have benefited to a considerable extent, this benefit, of course, being at a minimum in the Province of Quebec. In support of the conclusion thus arrived at Table IV is submitted.

TABLE IV
Actual Distribution of Succession Duties Compared With
Distribution on a Per Capita Basis

	Fiscal Year 1916	
	Amount collected	Distribution on per capita basis
Prince Edward Island	\$ 10,213	\$ 61,292
Nova Scotia	161,450	322,022
New Brunswick	77,952	230,083
Quebec	1,375,804	1,312,137
Ontario	2,451,794	1,653,490
Manitoba	304,497	301,749
Saskatchewan	44,380	322,494
Alberta	148,832	244,700
British Columbia	139,907	256,958

Fiscal Year 1921

Prince Edward Island	\$ 10,568	\$ 86,324
Nova Scotia	158,972	509,396
New Brunswick	151,326	376,919
Quebec	2,100,456	2,296,558
Ontario	4,821,811	2,852,963
Manitoba	457,563	593,156
Saskatchewan	331,370	736,745
Alberta	172,598	572,644
British Columbia	342,259	510,251

Fiscal Year 1926

Prince Edward Island	18,788	135,810
Nova Scotia	536,635	801,412
New Brunswick	293,775	592,991
Quebec	2,257,278	3,613,080
Ontario	8,761,863	4,488,448
Manitoba	422,199	933,188
Saskatchewan	337,353	1,159,090
Alberta	253,611	900,916
British Columbia	565,017	802,757

Fiscal Year 1934

Prince Edward Island	50,452	93,661
Nova Scotia	298,337	544,340
New Brunswick	245,542	434,150
Quebec	2,697,771	3,052,271
Ontario	6,515,071	3,643,993
Manitoba	423,416	743,784
Saskatchewan	148,944	978,490
Alberta	256,850	776,842
British Columbia	382,649	737,173

The population of the Yukon and the Northwest Territories amounts to .14 per cent. of the total population of Canada. These parts of the Dominion, however, have not been taken into account in connection with the foregoing statistics.

In the preparation of Table IV it has been assumed that rates of taxation are uniform throughout the provinces. This is not strictly true although it is believed that Saskatchewan rates are, roughly, average rates. Since data is not available for an accurate calculation on weighted tax schedules, variations in these schedules have been ignored. It is not necessary that the calculations in Table IV should indicate the exact result of the proposed redistribution.

It may also be mentioned that had receipts from succession duties during the past fifteen years been distributed on the basis of annual net value of production in the several provinces, Saskatchewan would have received at least three times as much as has been collected. It is fair to assume that a considerable part of this variation may be traced to the inability of the province to collect duties in respect of the shares of companies where the place of registration is outside the province. Most of the provinces are under a disadvantage as the result of the operation of this rule of law.

The recommendation submitted above would negative the disadvantage under which most of the provinces suffer with reference to the situs of company shares. It would make for economy in administration, remove unfairness which results from double taxation and avoid the constitutional difficulties experienced by the provinces in connection with succession duty legislation. Such a proposal offers a means, moreover, to equalize financial burdens among the provinces consequent, in part at least, to the centralization of wealth in one section of Canada.

Income Tax

The taxation of incomes was resorted to by the Dominion Parliament for the first time in the year 1917 by the Income War Tax Act, 1917, c. 28. It was thus occupying this field of taxation for fifteen years before the Province of Saskatchewan passed its first Income Tax measure. The Saskatchewan Act came into force on 13th April, 1932.

In several particulars this form of taxation can be imposed and collected more advantageously by the central government:

(1) Legal and constitutional difficulties in the administration of the provincial law have already been encountered and are almost bound to be encountered in the future, whereas such difficulties would largely be eliminated if jurisdiction on this subject were exercised by the Dominion Parliament exclusively;

(2) It is believed that legislation relating to income tax could be more effectively administered under the Dominion authorities than under the province, for the following reasons, namely:—

- (a) The Dominion has the power of effectually taxing income wherever earned in Canada, and of taxing all Canadian residents, whereas the province is confined to taxation within the province;
- (b) The Dominion can pursue collection procedure in respect of income tax throughout the entire country, whereas any collection methods adopted by the province are confined to the provincial boundaries by reason of the fact that the revenue laws of the province are not recognized elsewhere;

- (c) The Dominion has now in its possession valuable income tax records, and if the Dominion and provincial taxes were combined under the jurisdiction of the Dominion authorities, their records could be resorted to in order to more effectively administer the tax.

A reference to Dominion tax returns over a period of years indicates clearly that the Province of Saskatchewan cannot hope to obtain receipts from this form of taxation in any way comparable to the net production of the province without resorting to schedules much more severe than in other provinces. It is submitted that the arguments outlined when treating of succession duties, *supra*, apply with only slightly less weight to the income tax. These arguments point to the continued jurisdiction of the Dominion in the income tax field, or even to an exclusive jurisdiction in that field.

Although the British North America Act empowers the Dominion to raise money by any mode or system of taxation, the direct field was not resorted to until 1917. The financial burden consequent to Canada's participation in the World War, however, brought the necessity of raising additional revenues, and a federal income tax was imposed. When the measure providing for this tax was before Parliament, the then Minister of Finance, Sir Thomas White, expressed the hope that it would prove to be only a temporary expedient. To date this hope has not materialized.

It has been urged in some quarters that the invasion of the income tax field by the Dominion was a violation of a "gentleman's agreement" to the effect that a clear field should be left to the provinces in the imposition of direct taxes. It is accordingly suggested that the Dominion should abandon the income tax in favour of the provinces. To this suggestion the Government of Saskatchewan is unqualifiedly opposed. If there is to be an abandonment it should be by the provinces. This would not only eliminate expensive duplications and relieve the provinces of annoying constitutional limitations, but would also afford a means of assisting certain provinces through allocation of the revenues derived from the tax.

This matter was considered in the course of an article by Mr. N. McL. Rogers in the December number of *The Canadian Forum* (1934). An extract therefrom is quoted: (1)

"The invasion of this field of taxation [i.e. income] by the Dominion was fortuitous but fortunate. It enables the Dominion to act as a redistributing agency through which some portion of the profits accruing through the protective tariff can be utilized either for direct subsidies to the provinces which have suffered most through the effects of the tariff or for the maintenance of common standards of social services throughout the entire Dominion."

(1) At page 98.

Corporations Tax

There are approximately 2000 corporations registered or carrying on business in the Province of Saskatchewan. A description has already been given of the various forms of taxation imposed upon them. A doubt may be expressed whether any province has yet devised a rational system for the taxation of corporations.

For what it is worth, Table V is inserted, showing receipts derived from the taxation of corporations in the various provinces for the years 1932 and 1933. In parallel columns is shown the distribution on a per capita basis. No attempt has been made to adjust the totals with reference to the rates of taxation imposed. The table is inserted merely to indicate the effect of the concentration of corporate enterprise in central Canada.

TABLE V

Corporation Taxes Collected in 1932 and 1933 and Result of
Distribution of Same on a Per Capita Basis

Province	Amount collected (1)	Distribution on per capita basis
Fiscal Year 1932		
Prince Edward Island	\$ 115,678	\$ 140,775
Nova Scotia	830,091	818,151
New Brunswick	541,064	652,534
Quebec	3,488,071	4,587,609
Ontario	6,732,651	5,476,975
Manitoba	1,375,367	1,117,919
Saskatchewan	711,149	1,470,684
Alberta	982,434	1,167,604
British Columbia	1,785,259	1,107,982
Fiscal Year 1933		
Prince Edward Island	125,040	150,383
Nova Scotia	801,558	873,991
New Brunswick	509,321	697,070
Quebec	3,960,246	4,900,719
Ontario	6,249,872	5,850,787
Manitoba	1,692,241	1,194,218
Saskatchewan	1,369,649	1,571,061
Alberta	1,200,779	1,247,295
British Columbia	1,783,422	1,183,603

(1) As supplied by Dominion Bureau of Statistics.

Difficulty is met with in the taxation of outside corporations and experience has shown that a stable revenue cannot be obtained on a net revenue basis on account of its fluctuating nature. It is also fairly evident that the larger corporations must be subjected to great annoyance through being forced to prepare numerous reports for the various provinces and for the Dominion. It is submitted therefore, that consideration should be given to the advisability of giving an exclusive jurisdiction to the Dominion in the taxing of corporations, the receipts from such taxation to be allocated among the provinces. The same arguments apply here as in the case of the taxation of the incomes of natural persons. Of course it is recognized that a control of corporations must remain in the provinces, indeed, the power to exercise control over Dominion companies must be extended.

The Jacoby Commission (Saskatchewan 1936) was inclined to favour a tax on the gross revenues of corporations. There is considerable doubt whether this form of taxation can be validly imposed within the present taxing powers of the provinces, in the case of commodity production at any rate. It is submitted that the taxing powers of the provinces should be enlarged so as to make this form of taxation legally valid. This is in the nature of an alternative submission.

Gasoline Tax

When this tax was first imposed the purpose was to raise money for the construction and maintenance of highways. It was imposed upon the users of highways on the principle of payment for benefits received. The tax thus had a distinctly provincial flavour. The tendency since then has been to make it a commodity tax. Probably the administration of the tax would be simplified if the province enjoyed powers of indirect taxation.

Railway Taxation

The difficulties experienced by the province have been discussed in the preceding pages. It is felt that the province is reasonably entitled to share on some basis of parity in the contributions made by the railways in the way of taxation. The government is not prepared to recommend a specific solution.

F. Enlargement of Provincial Powers of Taxation

The Education Tax Act, 1937, was passed by the Legislature of Saskatchewan in order to assist in defraying the cost of education in the province and promises to be quite effectual for that purpose. It cannot be gainsaid, however, that there are serious administrative difficulties in connection with taxation of this character, the main objection being that the Government is obliged to resort to the device of having merchants and business people throughout the province act as collection agents. If the taxation could be imposed upon the

sale transaction, as in the case of the Dominion Sales Tax, then these administrative difficulties would be overcome. Moreover, the tax could then be more economically and efficiently administered. The same difficulty is experienced in the collection of other taxes.

It is submitted, therefore, that it is highly desirable that the provincial powers of taxation be enlarged so as to include a limited power of indirect taxation along the lines mentioned by the Hon. Charles Dunning in the budget speech delivered by him in the House of Commons on the 1st day of May, 1936. The proposal then made was that Section 92 of The British North America Act should be amended by adding thereto as clause 2a, the following:

“2a. Indirect taxation within the province in respect of:—

(1) Retail sales, other than of all alcoholic beverages, spirits, malt, tobacco, cigarettes, and cigars which are subject to customs and excise duty or tax in Canada or other than of all goods and articles for delivery without the province;

(2) The patronage of hotels, restaurants and places of amusement or entertainment;

in order to the raising of a revenue for provincial purposes.”

When this proposal came before the Senate for consideration it was criticised by the Right Hon. Arthur Meighen in the following terms, namely:—

“But Honourable members undoubtedly realize that there never could have been a Dominion of Canada unless the power to tax by customs and excise were taken from the provinces and reposted in the Dominion. That is the essence of Confederation. . . . The power of indirect taxation had to be taken from the provinces; otherwise they could secure by methods of indirect taxation the same effect as if they were able to impose customs and excise taxes.” (Senate debates—1936—pp. 316-17.)

“In a British Columbia case an oil tax which had to be paid by the seller on the transaction was held to be indirect and therefore ultra vires of the province. But when the province taxed the purchaser, the consumer of the goods in personam, that was held to be direct and intra vires. Unless one is careful to see the significance of everything that is done, one is likely to consider this a very fine distinction. It might be said that if we allow the provinces to tax the consumer we may as well allow them to tax the seller, to tax the transaction itself. If Honourable members will follow me, I think they will agree there is a very clear distinction. When you tax the consumer you are taxing the people in the province, and taxing them without discrim-

ination, but when you tax the transaction and thus interfere with processes of trade, you can tax the outsider and exempt the people of the province." (Senate Debates—1936—p. 317).

The Government of Saskatchewan does not believe that the danger so apprehended is a real one. It is suggested that an unfortunate twist has been given to the expression "direct taxation" by the Courts. So long as the other provisions of The British North America Act make it abundantly clear that the Dominion has exclusive jurisdiction over customs and excise there need be no anxiety in extending the powers of the province as suggested.

At this point another suggestion for co-operation with the Dominion might be made. In the case of such a provincial levy as the Saskatchewan Education Tax, it is suggested that the amount of the provincial import might be added to the Dominion Sales Tax, the Dominion, in effect, acting as a collecting agency.

G. Conclusion

The foregoing observations with respect to provincial taxation in general, and the forms of taxation existing in Saskatchewan in particular, clearly indicate that the Province is severely handicapped in the following respects, namely:

1. Constitutional difficulties have existed and continue to exist in connection with the imposition of various forms of taxation;

2. It is particularly difficult to reach by taxation outside companies deriving revenues from business transactions with Saskatchewan customers, where such companies are not "carrying on business" as that expression is usually understood;

3. Shares of companies can only be taxed where they can be effectively dealt with, that is to say, at the place of registration, and this is, in the great majority of cases, outside Saskatchewan;

4. Provincial taxation can only be collected within the boundaries of the province, and such taxation, even if regularly imposed, cannot be recovered elsewhere;

5. Owing to the constitutional limitations imposed upon the provinces, frequent attacks are made upon taxing enactments, which attacks are quite often successful, thereby making such enactments difficult of enforcement, and adding to the cost of administration;

6. The expenses incidental to the collection of such forms of taxation as the gasoline tax and the education tax, are considerably higher than in the

case of other forms of taxation, for the reason that the tax is imposed upon consumers, and the Government has to rely upon vendors to act as collection agents;

7. The Province of Saskatchewan cannot tax railway companies to the same extent as these companies are taxable in other provinces, for the reason that there exists a charter exemption from taxation in favour of The Canadian Pacific Railway Company; and

8. The Province has practically exhausted all the avenues of taxation reasonably available to it, and the people here are now taxed to the extreme limit.

With a view to overcoming the difficulties mentioned the Province of Saskatchewan proposes that the following remedies should be applied, namely:—

1. That the Dominion Government be entrusted with the administration of succession duties, income tax, and corporation taxation, with the understanding that the proceeds of these forms of taxation be distributed amongst the provinces on the basis of population, or upon some other satisfactory basis;

2. As an alternative, in the case of corporations, that some method should be devised to enable the provinces to reach companies incorporated under Dominion charter, and other outside companies, by way of taxation, so as to oblige such companies to make proper contributions to provincial revenues;

3. That consideration should be given to the province with reference to the handicap suffered in connection with the imposition of taxes on railways;

4. That the provincial powers of taxation be enlarged so as to include a limited power of indirect taxation; and

5. That the utmost co-operation between Dominion and Province in the collection of taxes should be encouraged.

PART V

THE ECONOMY OF SASKATCHEWAN*

1. The Geographical Background

The Province of Saskatchewan, with an area of some 251,700 square miles, lies in the north central portion of the Great Continental Plain of North America. It is located between the 49th and the 60th degree of latitude but only the southern half, roughly between the 49 and 54th degrees, is settled and suited to agricultural purposes. North of the 54th parallel the shorter growing season and the Precambrian Shield, with its numerous rivers, lakes and swamps, its coniferous forests and scanty soil, discourage agricultural settlement.

The block of about 100,000 square miles of settled area in the southern half of the province can be divided into three distinct soil and climatic zones: (A) the short grass prairie plains characterized by an absence of trees or bushes except in moist, sheltered locations such as river valleys or coulees, or small areas with a definitely moister climate such as the Cypress Hills; (B) the park belt with its taller grasses and scattered poplar, aspen (and in lower places, willow) clumps or "bluffs" and (C) the wooded zone with a tree growth mainly of poplar, spruce, tamarack and jack-pine.

The plains area is divided almost evenly between the Brown Prairie plains and the Transition or Dark Brown Prairie plains. (1) The Brown Prairie zone, which occupies the southwestern portion of the province, has soils light brown in colour with a relatively low organic content and a thin cover of natural grasses. Much of the land is non-arable owing to the wide distribution of the "clay-spot" soils, (2) eroded lands and drift sands. Rainfall in this soil zone is both light and highly variable; crop yields show great fluctuations from year to year but

* For a fuller treatment of the subject see G. E. Britnell, **The Wheat Economy: A Study of the Economic and Social Development of Saskatchewan**, Part I, to be published shortly by the University of Toronto Press.

- (1) "Each soil zone is named from the prevailing colour of the surface soil, the colour indicating the relative amount of organic matter built up in the soils, largely as the result of the nature and amount of plant growth existing in the zone over long periods of time." A. H. Joel, J. Mitchell, F. H. Edmunds and H. C. Moss, **Reconnaissance Soil Survey of Saskatchewan from the International Boundary on the South to the Top of Township 48 on the North**, Report No. 10, (Saskatoon, University of Saskatchewan, College of Agriculture, 1936) p.11.
- (2) An inferior type of clay loam with an uneven pitted surface, supporting a very scanty natural vegetation and possessing a very low resistance to drought; locally it is known as "burnt-out" or "blow-out."

TABLE I

Area of Soil Zones of the Settled Portion of Saskatchewan
Mapped by Saskatchewan Government Survey*

Zone	Area in square miles	Percentage of surveyed area
Brown Prairie plains	30,725	32.6
Transition or Dark Brown Prairie plains....	29,240	31.1
Shallow Dark park	22,550	23.9
Deep Dark park	2,915	3.1
Wooded Gray soils (incompletely mapped)	8,750	9.3
 Total	 94,180	 100.0

* J. Mitchell and D. L. MacFarlane, "Remarks on the Utilization of the Soil Survey and Some Data regarding the Soils of Saskatchewan" (*Scientific Agriculture*, XV, January, 1935, p. 263).

are fair on the average on the better soil types. Ranching activities prevail on a large part of the poorer lands. Bordering the Brown Prairie plains on the north and east and almost equal in area lies the Transition or Dark Brown Prairie Plains soil zone of which the soils are darker in colour and carry a somewhat heavier cover of short grass. This soil belt is devoted predominantly to wheat production since the good soils of the zone, particularly the heavy-textured soils, give high yields of high quality wheat.

Bordering the Dark Brown prairie plains on the north and east is the park soil zone which is divided into two parts, the Shallow Dark and the Deep Dark. The Deep Dark soils, reflecting a more humid climate, are darker in colour, higher in organic-matter content and support a more luxuriant natural growth. In the park belt, wheat is grown successfully, but there is a distinct tendency toward lower quality as measured by protein content. Coarse grains do exceptionally well and forage crops are generally successful, especially on the deeper black park soils.

The soils of the northern fringe of settlement are of the wooded, gray types. They have been under tree cover for a long time and consequently have lost some of the nutritive elements necessary for cereals. These soils, generally

low in nitrogen and phosphorus, are not well adapted to wheat production. (3)

The Saskatchewan Soil Survey after fifteen years' work has covered practically the whole of the settled area of the province. An analysis of results has been made with a view to determining the suitability of soils to wheat production. Each soil type has been placed in one of six general productivity groups (Table II) on the basis of estimated long-time wheat yielding ability with wheat selling at normal prices. Thirty per cent of Saskatchewan soils may be considered either first class or moderately good wheat lands and a further twenty-five per cent as fair for purposes of wheat production. Forty-five per cent of the settled area is poor or very poor wheat land, incapable, over a period of years and with normal prices for wheat, of yielding sufficient to cover costs of production. A relatively small part is under cultivation and provides the basis of the most acute farm problems of the province. (4) From the data given in Tables I and II only 13 per cent of the Brown plains soils were classified as superior to moderately good wheat lands (groups 1 to 3) while an area five times as large, or almost two-thirds of the total area, fell into the poor and very poor groups (5 and 6) which must be regarded as sub-marginal. The Transition zone or Dark Brown plains soil had 15 per cent of its area in the superior group; a further 15 per cent, good (groups 2 and 3); and one-third of its area sub-marginal (groups 5 and 6). Two-thirds of the much smaller area of the Deep park soils were classified as superior and very good, and a little over 10 per cent as sub-marginal. Of the wooded soils 20 per cent was superior to moderately good and more than half was sub-marginal. (5)

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- (3) "The Gray Soil Zone is less developed agriculturally than the other major zones. This is due to the relatively low native fertility of the gray soils, to the cost and difficulty of clearing trees, and to the fact that until recently this land did not attract settlement. The results obtained on the land which has been brought under cultivation indicate that the fertility of these soils must be built up before they will produce satisfactorily. Wheat is not generally well suited to this region, since, due to the short growing season and poor soils, both the quality and yield are frequently low. The legumes, particularly alfalfa and sweet clover, are well adapted to the region, and alfalfa seed production may become an important enterprise. A serious handicap to farming in this zone is the lack of a good native hay and pasture. While grasses can be grown with success, the small acreages under cultivation on most of the farms make it uneconomical to put much land under grass." A. H. Joel, et al, *Reconnaissance Soil Survey of Saskatchewan*, p.13. See also F. A. Wyatt, "The Necessity for Growing Legumes on Gray Wooded Soils" (*Scientific Agriculture*, XIV, February, 1934, pp. 327-35) and "Fertilizers for the Black and Gray Soils of Central Alberta" (*Ibid.*, XVI, January, 193, pp. 238-40).
- (4) "Not much of the land included in group 6, comprising the very poor soils, has been brought under cultivation, since this group includes such definitely non-arable lands as the sand hill areas, strongly rolling and eroded areas, gravelly lands, alkali lands, stony lands and the sandy loams of the Brown Soil Zone. A large percentage of soils in group 5 have been brought under cultivation. . . . There has already been much abandonment of such soils." A. H. Joel, et al, *Reconnaissance Soil Survey of Saskatchewan*, Report No. 10, p.75.
- (5) See D. L. MacFarlane, *Agricultural Land Utilization in Saskatchewan*, Master's Thesis (unpublished) University of Saskatchewan, 1934, p.37.

TABLE II

Suitability of Saskatchewan Soils for Wheat Production*

Group No.	Description	Percentage of settled area of Saskatchewan	Area square miles
1	Superior	7.1	6,680
3	Very Good	5.9	5,560
3	Moderately Good	16.9	15,910
4	Fair	25.4	23,920
5	Poor	18.5	17,410
6	Very Poor	26.2	24,630
Total		100.0	94,110

* A. H. Joel, et al, *Reconnaissance Soil Survey of Saskatchewan, Report No. 10*, p.75. (The classification is only approximate but was determined by the combined judgment of the members of the Soils Department of the University of Saskatchewan).

The wheat productivity of Saskatchewan soils, on account of the semi-arid climate, depends more on the quality and texture of the soil than on any other single factor. Since the organic composition of soils corresponds closely to vegetative cover which is in turn related to climate a high percentage of the poor soils is in the area most subject to drought. In terms of texture 20 per cent of the soils are of heavy clay or moderately heavy silt and clay loam texture, and 45 per cent are medium textured soils or loams. The light loams and sandy soils account for 15 per cent to which must be added definitely non-arable lands such as extremely stony and rough lands, sands, gravel, alkali, etc., covering the remaining 20 per cent of the settled area of the province.

Topography is also important in wheat production as rolling land increases costs of operation, does not permit the most effective utilization of moisture, and is subject to water erosion. Three-quarters of the agricultural area of the province is undulating to gently rolling and the remaining one-quarter ranges from hilly to steep. A large part of the roughest land is found in the southwest associated with inferior soils and a semi-arid climate. (6)

The agriculture of the province is necessarily differentiated on the basis of soil and climate. The proportion of land under cultivation varies largely with the fertility of the soil. In one rural municipality near Regina, representative of the heavy clay type of the Dark Brown Prairie plains, 97 per cent of the

(6) See A. H. Joel, et al, *Reconnaissance Soil Survey of Saskatchewan, Report No. 10*, Table 18, p.119. "Few non-mountainous areas possess so much rough land as the semi-arid section in the United States and southwestern Saskatchewan." O. E. Baker, "Agricultural Regions of North America, Part VI: The Spring Wheat Region", *Economic Geography*, IV, (1928), p.410.

land was under cultivation in 1926 (7); on loam soils of the Brown and Dark Brown plains zone the proportion varies from 50 to 75 per cent; on well-settled wooded soils it is less than 50 per cent; while on the ranching frontier of the southwest and across the northern pioneer fringe it is in each case considerably less than 25 per cent. (8)

2. Railways And Population

1. Railways.

Agricultural settlement of the Saskatchewan plains was made possible by transcontinental railways and branch lines.

"The inhabitant of the Prairie Provinces, like the inhabitant of other inland plains, is peculiarly dependent on railways. His agricultural system depends on railway communication. With the exception of a few of the older towns, the towns and villages are mere points on railways. Where the railways passed a village by, the whole village, buildings as well as people, has frequently been moved across the prairie to the railway. The railway with its unfailing accompaniments, the loading platform, the two to five grain elevators, the post-office, general store, machinery shed, and branch bank, closes the circuit through which the power of the world's economic organization flows into the pioneer community. What the birch canoe was to the fur trader, the railway is to the farmer of Western Canada. Beyond the end of the steel there is only such settlement as waits month by month or year by year for the coming of the railway." (9)

In 1900 the main line of the Canadian Pacific Railway (completed in 1885) stretched across the southern prairies; a branch line extended north from Regina through Saskatoon to Prince Albert and the Soo Line extended south from Moose Jaw through Estevan to St. Paul, Minnesota, but beyond these links only two or three branch lines from Manitoba extended very short distances into Saskatchewan. Prairie conditions facilitated rapid and inexpensive construction and the railway mileage of the province more than trebled in the opening decade of the century (see Table III). This period saw the completion from Winnipeg to Edmonton of the main lines of the Canadian Northern Railway (1905) and the Grand Trunk Pacific (1910), the former traversing the park belt, the

(7) *Census of the Prairie Provinces, 1926: Population and Agriculture*, (Ottawa, 1931), pp.442-3.

(8) In some municipalities in the southwest abandonment has gone on intermittently for nearly 15 years. For instance in Rural Municipality No. 141 the area of improved land in 1931 was 35 per cent as compared with 31 percent in 1926 and 55 per cent in 1921. See *Seventh Census of Canada, 1931, VIII, Agriculture*, (Ottawa, 1934) pp. 636-7; *Census of the Prairie Provinces, 1926*, p.445, and *Sixth Census of Canada, 1921, V, Agriculture*, (Ottawa, 1925) p. 420.

(9) W. A. Mackintosh, *Prairie Settlement: The Geographical Setting* (Toronto, 1934) p.57.

latter emerging from the park belt to skirt the northern edge of the prairie plains, and the multiplication of feeder lines in the eastern part of the province. Settlement outstripped railway construction on the semi-arid plains but branch lines were rapidly extended into the region between 1911 and 1916. The building program was interrupted by the war but was renewed again in the twenties, so that by 1931 a railway network covered the agricultural area of the province. Railway construction into the new settlements of the northern wooded area continued after 1930 at a reduced rate and in 1936 Saskatchewan with its 8,624 miles of track had a railway mileage greatly in excess of that possessed by any province in the Dominion with the exception of Ontario. (10)

TABLE III

Steam Railway Mileage in Saskatchewan, 1900-1936*

Year	Mileage	Year	Mileage
1900	962	1921	6,296
1906	1,951	1926	7,267
1911	3,121	1931	8,268
1916	5,378	1936	8,624

* Information by interview and correspondence from G. S. Wrong, chief of the Transportation and Public Utilities Branch of the Dominion Bureau of Statistics, Ottawa.

Nearly all the land suited to agricultural production in Saskatchewan is within 10 miles of a railway. Of all farms reporting in the 1931 census 80 per cent were less than 10 miles from a railway station and 5.6 per cent more than 15 miles distant. In the large block of agricultural territory between Saskatoon and Regina 43 per cent of the farms were within 5 miles of a railway shipping point and 1.5 per cent more than 15 miles away. On the pioneer fringe which stretches across the northern part of the province and in the sparsely settled ranch country of the extreme southwest a much larger proportion of all farms are more than 15 miles from a railway shipping point. 76 per cent of Saskatchewan farmers were within 10 miles of a market town or village and 7.5 per cent more than 15 miles distant. (11)

(10) See *Canada Year Book*, 1937, p.636. Over-building has not been a marked characteristic of railway expansion in the Prairie Provinces for as Dr. Mackintosh observes, after reviewing the difficulties which overwhelmed the Grand Trunk, the Grand Trunk Pacific and the Canadian Northern and forced the Dominion to take them over, "it is only fair to say that the disaster resulted from over-construction not in the Prairie sections but in Northern Ontario and Quebec and British Columbia". *Economic Problems of the Prairie Provinces* (Toronto, 1935) p. 35.

(11) See *Seventh Census of Canada, 1931 Census of Agriculture, Final Bulletin No. XIX, Tenure, Farm Values, Farm Possibilities and Mortgage Debt, 1931 and Farm Expenses by Counties or Census Divisions*. (Ottawa, Dominion Bureau of Statistics, 1934) pp.47-8.

2. Population.

Railway construction stimulated settlement and in turn received stimulus from the rapid growth of population. The settlement of Saskatchewan has taken place in the twentieth century and in one generation population increased from less than a hundred thousand to nearly a million. Expansion during the period from 1901 to 1914 when over half of this tremendous increase took place, was the result of immigration from the British Isles and Europe, from Eastern Canada and the United States. For the ten years beginning with 1905, when the Provinces of Saskatchewan and Alberta were carved out of the North West Territories, an average of more than 30,000 immigrants came into Saskatchewan each year from outside Canada. Since 1914 population growth has been much less rapid and immigrants from outside Canada have averaged less than 10,000 a year. (12) The census of 1931 showed that the movement of native Canadians from Eastern Canada had not only ceased but had been definitely reversed; (13) and that natural increase was making a more significant contribution. The high birth rate and low death rate of a youthful population might have been expected to go far toward offsetting the decline in immigration, but population leakages have been heavy. (14) The small increase in the population after 1931 (see Table IV), accounted for by an increase in females since there was an actual decrease in the number of males, indicates that about 65,000 people left the province in the intercensal period 1931-6 since the excess of births over deaths for the five years was upwards of 70,000 while immigrants giving their destination as Saskatchewan were in the neighborhood of 3,500. (15)

(12) See *Canada Year Book*, 1934-35, (Ottawa, 1935) pp.219-20 and *Ibid.*, 1936, p.193; 1937, p.200. See also A. S. Morton and Chester Martin, *History of Prairie Settlement and Dominion Lands Policy*, (Toronto, 1937) Part I, *passim*; *Report of the Saskatchewan Royal Commission on Immigration and Settlement 1930*, (Regina, King's Printer, 1930); D. A. MacArthur, "Immigration and Colonization in Canada, 1900-1930", (*Pioneer Settlement*, New York, 1932, pp.22-30); W. A. Carrothers, *Emigration From the British Isles* (London, 1929) Ch. XII-XIV; J. T. Culliton, *Assisted Immigration and Land Settlement with Special Reference to Western Canada* (Montreal, 1928) and E. H. Oliver, "The Beginnings of White Settlement in Northern Saskatchewan", *Transactions of the Royal Society of Canada*, Section II, Series III, Vol. XIX, 1925, pp.83-129, and "The Settlement of Saskatchewan to 1914," (*Ibid.*, Vol. XX, 1926, pp. 63-87.

(13) See W. B. Hurd, "Population Movements in Canada 1921-31, and Their Implications", *Papers and Proceedings of the Sixth Annual Meeting of the Canadian Political Science Association*, VI, 1934, pp.220-37.

(14) "Our governments and railways were merely subsidizing Cook's tours for about two-thirds of the immigrants brought into the country and the losses of native sons and daughters to the United States and other countries nearly equalled the number of newcomers who could be induced to become a permanent part of our national family." *Ibid.*, p.220.

(15) See *Annual Report of the Department of Public Health and the Annual Report as required by the Vital Statistics Act for the Calendar Year 1935*, (Regina, King's Printer, 1937) p. 95; *Preliminary Annual Report Vital Statistics of Canada*: (Ottawa, Dominion Bureau of Statistics 1937) pp.2-6; and *Canada Year Book*, 1937, p.200.

TABLE IV

Population of Saskatchewan and Distribution of Urban and Rural Population, 1901-1936*

Year	Total No.	Rural No.	Urban No.	Rural %	Urban %
1901	91,279	77,013	14,266	84.37	15.63
1906	257,763	209,301	48,462	81.20	18.80
1911	492,432	361,037	131,395	73.32	26.68
1916	647,835	471,538	176,297	72.79	27.21
1921	757,510	538,552	218,958	71.10	28.90
1926	820,738	578,206	242,532	70.45	29.65
1931	921,785	630,880	290,905	68.44	31.56
1936	930,893	650,522	280,371	69.88	30.12

* Compiled from preliminary returns of the Census of the Prairie Provinces, 1936, and preceding censuses.

In 1936 approximately 70 per cent of the population of the province was classified as rural and although the rate of increase has tended to be greater in urban than in rural areas, Saskatchewan is still more definitely rural than any of the provinces with the exception of Prince Edward Island. Saskatchewan's urban population is divided among eight cities, 80 towns, (16) and 378 villages. Regina, Saskatoon, Moose Jaw and Prince Albert accounted for approximately 126,000 or less than 15 per cent of the population, and since there are no other centres of over 6,000 it may be assumed that the remaining 800,000 or 85 per cent of the population are more or less directly connected with agriculture either on the farms or in the villages and larger market towns.

3. Agricultural Settlement and Expansion (17)

Agricultural settlement in Saskatchewan, determined by the railways, made comparatively little progress before 1900, being confined very largely to the southeastern part of the province adjacent to the settled areas of Manitoba,

- (16) Saskatchewan "towns" vary in population from less than 200 to nearly 4,000; the average population of the 80 "towns" is only about 800.
- (17) See W. A. Mackintosh, *Prairie Settlement: The Geographical Background* (Toronto, 1934) Ch. II-VI and *Economic Problems of the Prairie Provinces* (Toronto, 1935) Ch. I-II; R. W. Murchie, et al, *Agricultural Progress on the Prairie Frontier* (Toronto, 1936) Ch. I-VII; A. S. Morton and Chester Martin, *History of Prairie Settlement and Dominion Land Policy* (Toronto, 1937) passim; Robert England, *The Colonization of Western Canada* (London, 1936) Ch. I-VII; D. A. MacGibbon, *The Canadian Grain Trade*, (Toronto, 1932); W. W. Swanson and P. C. Armstrong, *Wheat*, (Toronto, 1930); J. W. Dafoe, *Clifford Sifton in Relation to his Times*, (Toronto, 1929) Ch. V and XI; E. H. Oliver, "The Beginnings of Agriculture in Saskatchewan" (*Transactions of the Royal Society of Canada*, Section II, Series III, Vol. XXIX, 1935, pp. 1-32); S. D. Clark, "Settlement in Saskatchewan with Special Reference to Dry Farming" Master's Thesis (unpublished) University of Saskatchewan, 1931; Thorstein B. Veblen "The Price of Wheat Since 1867" (*Journal of Political Economy*, I, 1892-3, pp.66-103) and "The Food Supply and the Price of Wheat" (*Ibid.*, pp.365-79).

and, further north and west, to the park land of the Prince Albert district between the two branches of the Saskatchewan River. "The Canadian Pacific Railway . . . became directly interested in the colonization of the prairie for two reasons, first, for the disposal of its land, second, to provide traffic for its lines", (18) but apart from the ranchers, early settlers in Western Canada were reluctant to exchange the obvious advantages of the park country for the bleakness and apparent sterility of the treeless short-grass plains. A large Mennonite group struck out in 1875 and established a successful settlement on the plains of southern Manitoba, (19) but other attempts, especially in Saskatchewan, were less successful, and, even with the support of transportation, it was not until Western Canada was able to borrow experience and technique from the Western United States that prairie settlement on an extensive scale was possible.

"By the time a favourable conjuncture of costs and prices had opened the way to the exploitation of the Canadian plains, the westward-moving agricultural frontier of the United States had gathered experience and fashioned instruments which the Canadian settler could borrow. The chilled steel plough, light but capable of turning the tough prairie sod, had been constructed in 1870. In 1878 the invention of roller milling had converted the hardness of the spring wheat of the northern plains from a blemish to a virtue. In 1880 Appleton's improvement of the twine binder contributed to that economy of labour and speed of work which is the necessary characteristic of agriculture on the northern plains of North America. So important a contribution was the construction of mechanical grain elevators that they became as characteristic of prairie landscape as the native vegetation.

"In Utah, the Mormon colony had developed by experimentation the dry-farming practice of summerfallowing without which the semi-arid plains were closed to agriculture. Elsewhere in the western United States less striking but none the less important contributions to the technique of settlement and of extensive agriculture were made. The flat furrow, the sod house, the tar-paper shack, the 'dug-out' for storing water were a few among many tools of settlement borrowed by the Canadian settler from his neighbour in the United States." (20)

(18) W. A. Carrothers, *History of Immigration Policy and Company Colonization*, Part II, Ch. II (from proofs of manuscripts kindly loaned by the MacMillan Company of Canada, July, 1937) "The Canadian Pacific Railway became more directly interested in European immigration in 1903 through the purchase of fifteen ships from the Elder Dempster Company, to inaugurate a trans-Atlantic service." With reference to the grant of public lands to the C.P.R. Professor Morton observes "This land grant made the Canadian Pacific next to the Government, the most potent immigration agency in the country". (*History of Prairie Settlement and Dominion Lands Policy*, p.65; from page proofs loaned by the MacMillan Company of Canada, July, 1937).

(19) J. W. Dafoe, "Economic History of the Prairie Provinces" (*Canada and Its Provinces*, Toronto, 1914, XX. p.295).

(20) W. A. Mackintosh, *Prairie Settlement; The Geographical Background*, XI-XII. See also A. S. Morton and Chester Martin, *History of Prairie Settlement and Dominion Lands Policy*, Part I, Ch. IV-VII.

By 1900 the emphasis in settlement and in the mind of the prospective settler had shifted from considerations of "wood, water and hay" to land "ready for the plough". (21) Encouraged by free homesteads and the possibility of securing an additional 160 acres in the form of a pre-emption or "purchased homestead" at an almost nominal price immigrants were attracted in ever increasing numbers so that by 1914 agricultural settlers had swarmed over most of the remaining park land and the whole of the plains area. In the decade from 1901 to 1911 both the number and the area of occupied farms had increased sevenfold, while the area under cultivation had increased tenfold

TABLE V
Number and Area of Farms and Acreage Under Crops in
Saskatchewan, 1901-1936*

Year	No. of Farms	Area of occupied farms (acres)	Average oc- cupied area per farm (acres)	Area improved (acres)	Average improved area per farm (acres)	Area under field crops (acres)
1901	13,445	3,833,434	285.1	1,122,602	83.5	655,537
1906	55,971					3,271,436
1911	95,013	28,099,207	295.7	11,871,907	125.0	9,136,868
1916	104,006	36,800,698	353.8	19,632,206	188.8	13,973,382
1921	119,451	44,022,907	368.5	25,037,401	209.6	17,822,481
1926	117,781	45,945,410	390.1	27,714,490	235.3	19,558,964
1931	136,472	55,673,460	407.9	33,548,988	245.8	22,126,329
1936	142,391	56,903,639	399.6	33,631,608	236.2	21,967,167

* Compiled from preliminary returns of the Census of the Prairie Provinces, 1936, and preceding censuses.

(Table V). The much larger proportional increase in the area under field crops over the same period was significant in indicating the essential characteristics of prairie agriculture and the shift in agricultural production to an increased reliance on wheat and other cereals.

Expansion since 1914 has been less spectacular. Although the influx of new settlers was sharply reduced, the cultivation of new land was greatly stimulated by the war, so that while the number of occupied farms increased by only 25 per cent between 1911 and 1921 the occupied area increased 56 per cent and the cultivated acreage more than doubled. The post-war slump brought an actual decrease in the number of farms between 1921 and 1926 though there were slight increases in both occupied and improved acreages. The renewed expansion, evident between 1926 and 1931, came chiefly on the wooded soils of

(21) R. W. Murchie, et al, *Agricultural Progress on the Prairie Frontier*, p.8.

the northern fringe and for the first time since the opening of the century occupied acreage increased faster than cultivated acreage. Northern settlement received an additional stimulus from drought and depression between 1931 and 1936, but a provincial net increase of nearly 6,000 farms brought virtually no increase in the cultivated area. The smaller proportion of newly broken land and the necessity of summerfallowing approximately one-third of the cultivated land each year (22) steadily reduced the ratio of field crop to cultivated acreage after 1911. In 1936, 60 per cent of the total occupied farm land was under cultivation of which roughly two-thirds was seeded to field crops.

Early in the century Saskatchewan took the lead in agricultural settlement and expansion in the Prairie Provinces from Manitoba. Alberta began to challenge that lead after 1926 and to show absolute gains over Saskatchewan in every index of agricultural expansion, but in 1936 Saskatchewan claimed not quite half the total number of farms in the Prairie Provinces, slightly more than half the area of occupied farm land, and over half the cultivated and field crop acreages.

Rapid exploitation made mistakes in land utilization inevitable. Regulation and control were foreign to the immigration and homestead policies of the Dominion Government and to the spirit of the agrarian frontier. Little was known of the relative adaptability of different soils to wheat production. Between 1910 and 1920 encouraged by high prices for wheat, a favourable climatic cycle and rapid construction of railways the homesteader and his plough made tremendous inroads upon the ranch economy of the southwest. (23) Beginning in 1918 the natural aridity of the area became evident again, and, after the crash in wheat prices in 1920, continuation of the drought drove

(22) "To grow a crop of wheat on the prairie plains it is necessary to conserve moisture and to control weeds. The system of farming generally followed throughout this region is to leave the land uncropped for a year, and to plough and work the land sufficiently to keep down the weeds and to retain the moisture. This is generally known as the summerfallow system. In most of the great plains areas the rotations provide for a year of summerfallow followed by one or two crops of wheat and one crop of oats or barley. Certain areas have adopted shorter rotations and summerfallow one half of the land each year." William Allen, "Types of Farming in Canada" (*Scientific Agriculture*, XIII, June, 1933, p.621).

(23) "In the five years between 1910-1915 no less than 860 miles of railway were built south of the South Saskatchewan. As an excuse for this was the cry of those who had taken land far back from the railway, but the most potent influences were the desire of the Dominion Government to realize on its lands, the pressure of the land agents for the development of their districts, and the desire of the Canadian Pacific Railway to sell its lands. The settlers were the pawns in the game." A. S. Morton and Chester Martin, *History of Prairie Settlement and Dominion Lands Policy*, p.144.

large numbers of farmers from the poorer lands. (24) The exodus was accompanied by a general movement of consolidation into larger holdings. Between 1921 and 1931 the poorer wooded soils of the northeast were also abandoned in part, though capital investment by individuals and by the community had generally been on a much smaller scale. Better crops and higher prices lured old settlers back and attracted new ones into the southwest after 1926 but the price collapse of 1930 followed by the complete crop failure of 1931 precipitated abandonment on a larger scale than any which had taken place before. Census figures on the number of abandoned farms suggest the heavy human and material losses of unwise settlement. (25) The movement of thousands of families from the drought stricken areas to the wooded soils of the north without adequate preliminary soil or economic surveys increased these losses.

4. The Economic Farm Unit and Land Tenure

The size of the average farm in the Prairie Provinces and especially in Saskatchewan and Alberta has always been large compared with farm units in other provinces of the Dominion or in most other countries. Moreover every census from 1901 to 1931 showed an increase in the size of Saskatchewan farms accompanied by an even more substantial increase in the cultivated area per farm (see Table V). The average Saskatchewan farm of 400 acres in 1936 compared with 404 acres for Alberta and 271 for Manitoba, while the cultivated area per farm in Saskatchewan, 236 acres, was 30 per cent greater than in Alberta. (26) In Saskatchewan, as in Alberta, an abundant supply of cheap land well adapted to cereal production combined with a definite scarcity of labour throughout the period of settlement stimulated extensive, rather than intensive, cultivation with the aid of large-scale labour-saving machinery. Improvements in farm implements and more particularly in farm tractors together with the introduction of the combined harvester-thresher and the grain truck brought about a considerable mechanization of grain growing between 1920 and 1930 which could be utilized to the best advantage only on the larger farms.

(24) Abandonment never became as general or reached the proportions that it did in south-eastern Alberta but nearly half the farms were abandoned in some districts along the Saskatchewan side of the border.

(25) The Census of 1926 reported 4,907 abandoned farms in Saskatchewan; the census of 1931, 5,193; the census of 1936, 12,831. See *Census of the Prairie Provinces, 1926, Population and Agriculture*, (Ottawa, King's Printer, 1931,) p.422; *Seventh Census of Canada, 1931, Census of Agriculture, Bulletin No. 1, Number of Occupied Farms by Counties and Census Divisions 1931 and The Number of Vacant or "Abandoned" Farms 1931*, (Ottawa, Dominion Bureau of Statistics, 1932) p.7; and *Census Press Bulletins Nos. V and XI (Preliminary Announcement of Census of Agriculture of the Prairie Provinces, 1936, Ottawa, mimeograph)*.

(26) Information by correspondence from O. A. Lemieux, Statistician, Dominion Bureau of Statistics, Ottawa, August, 1937.

(27) In those districts of the southwest where abandonment has been heaviest the trend toward larger farms has been most pronounced though it has been marked over nearly all the plains area. In view of the obvious advantages of the larger farm unit, it is probable that the trend toward larger farms will continue in the prairie regions.

The size of the average farm unit is reflected in the relatively large investment per farm and the importance of land values in that investment at all times regardless of high or low prices for wheat (Table VI) while the changes

TABLE VI

Average Value of Farm Property Per Farm and Per Acre
in Saskatchewan, 1901-1936*

Year	Total		Land		Buildings		Machinery		Livestock		X
	Per Farm	Per Acre	Per Farm	Per Acre	Per Farm	Per Acre	Per Farm	Per Acre	Per Farm	Per Acre	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
1901	3,307	11.60	1,702	5.97	385	1.35	289	1.01	931	3.27	
1911	8,766	29.64	6,140	20.76	802	2.71	606	2.05	1,218	4.12	
1919	10,603	29.97	6,922	19.56	975	2.76	855	2.42	1,851	5.23	
1921	13,814	37.48	8,878	24.09	1,812	4.92	1,479	4.01	1,645	4.46	
1926	11,405	29.24	6,951	17.82	1,825	4.68	1,439	3.69	1,190	3.05	
1931	9,325	22.86	5,608	13.75	1,640	4.02	1,359	3.33	718	1.76	
1936	7,185	17.98	4,324	10.82	1,279	3.30	920	2.30	662	1.66	

* Compiled from preliminary returns of the Census of the Prairie Provinces, 1936, and preceding censuses.

in the distribution of farm investment among the factors of production since 1901 (Table VII) illustrate the trend from livestock and livestock products and towards cereals and power farming. The average investment represented by a farm was given as \$9,325 in the census of 1931, which was higher than in any other province of the Dominion. Land values were credited with 60 per cent of the value of Saskatchewan farm property. The Saskatchewan investments in farm implements and machinery (\$185,000,000) the value of farm implements per farm (\$1,359), and the proportion of total farm capital invested in them, were all considerably greater than in any other province, though the value of machinery per acre of improved land in Saskatchewan (\$5.53) was far less than in any other province. Building has probably been more expensive in

(27) See E. G. Grest, *An Economic Analysis of Farm Power in Alberta and Saskatchewan*, (Ottawa, 1936); A. Stewart, *The Economy of Machine Production in Agriculture*, (Montreal, 1931); and M. L. Wilson, "Research Studies in the Economies of Large Scale Farming in Montana" (*Agricultural Engineering*, Vol. 10, January, 1929) pp.3-12.

Saskatchewan than in any other province, but less than 18 per cent of the total farm investment was represented by buildings as opposed to nearly half as much again for the Dominion. Livestock in Saskatchewan made up a smaller proportion of the agricultural investment than in any other province though the value of livestock per farm (\$718) was much higher than for farms in the Maritimes or British Columbia and only \$100 less than Manitoba or Alberta. (28)

TABLE VII

Value of Farm Property in Saskatchewan, 1901-1936*

Year	No. of Farms	Total Value		Buildings		Live-stock
		(millions)	Land	ings	Machinery	
		\$	%	%	%	%
1901	13,445	44.5	51.5	11.6	8.7	28.2
1911	95,013	832.8	70.0	9.2	6.9	13.9
1916	104,006	1,102.8	65.3	9.2	8.0	17.5
1921	119,451	1,650.1	64.3	13.1	10.7	11.9
1926	117,781	1,343.4	61.0	16.0	12.6	10.4
1931	136,472	1,272.7	60.1	17.6	14.6	7.7
1936	142,391	1,023.2	60.2	17.8	12.8	9.2

* Compiled from preliminary returns of the Census of the Prairie Provinces, 1936, and preceding censuses.

The Mechanization of Prairie Agriculture

The rapid growth in the use of power driven machinery on western farms in the twenties is illustrated by Table VIII. Saskatchewan in 1931 had 31.7 tractors per 100 farms as compared with Manitoba, 26.5; Alberta, 24.6; and 14.4 for the Dominion. A limited number of Saskatchewan farms are operated entirely by mechanical power, but, generally, most of the cultivation is still done with horses and "there is no final answer to the question of whether tractor power is cheaper than horse power." (29) Tractors are most common in the territory stretching west from Swift Current to the Alberta border and north to Kindersley where 40 per cent of farms reported ownership in 1931. They are used much less extensively in the park belt and more newly developed areas

(28) See *Seventh Census of Canada, 1931, Census of Agriculture, Final Bulletin No. XIX, Tenure, Farm Values, Farm Facilities and Mortgage Debt, 1931 and Farm Expenses for 1930 by Counties and Census Divisions* (Ottawa, Dominion Bureau of Statistics, 1934) p.4. The total value of all farm property in Canada in 1931 was estimated at \$5,247,753,000 to which Ontario contributed \$1,397,666,000, and Saskatchewan \$1,272,633,000; the Saskatchewan figures exceeded Quebec and Alberta by about \$400,000,000 in each case, Manitoba by nearly \$900,000,000, the Maritimes by \$1,000,000,000, and British Columbia by \$1,100,000,000.

(29) Andrew Stewart, "Trends in Farm Power and Their Influence on Agricultural Development," (*Agricultural Progress on the Prairie Frontier*, Appendix A, p. 315).

TABLE VIII

Tractors, Combines, Motor Trucks and Automobiles on Farms in
the Prairie Provinces and Canada, 1921-1936*

		Man- itoba	Saskat- chewan	Alberta	Prairie Provinces	Canada
Tractors	1921	10,027	19,243	9,215	38,485	47,455
	1926	12,151	26,674	11,311	50,136	
	1931	14,366	43,308	23,985	81,659	105,360
	1936	14,685	42,051	24,913	81,649	
Combines	1931	355	6,019	2,523	8,897	8,917
	1936	498	6,413	2,909	9,820	
Motor Trucks	1926	952	3,267	1,421	5,640	
	1931	3,260	10,938	7,319	21,517	48,401
	1936	3,299	10,338	7,657	21,294	
Automobiles	1921†	16,645	36,098	20,616	73,359	157,022
	1926	20,208	52,177	29,144	101,529	
	1931	25,588	65,094	42,817	133,499	321,284
	1936	22,980	54,469	39,222	116,671	

* Compiled from preliminary returns of the Census of the Prairie Provinces, 1936, and preceding censuses.

† Motor trucks were included with automobiles in 1921.

of the north. The lowest figure for the province, 16.5 per cent, was reported by the Yorkton division where a very high proportion of the farm operators are of South, Eastern and Central European extraction. The variation in the extent to which combines were utilized is evident in that the number of farms reporting ownership ranged from 17.2 per cent in the Swift Current division to .2 per cent around Yorkton. (30) In addition to combines there was a relatively large threshing outfit for every five farms in the province in 1931. (31)

The extent to which horses have been displaced by motor trucks for haulage purposes on the larger wheat farms since 1921 cannot be accurately computed since farm trucks were included with automobiles in the census of

(30) "The use of the combine in the three prairie provinces has increased almost beyond practical bounds since 1924. In many instances the purchase of the combine was made without much consideration of the topography of the land or the nature of the maturity of the crop." E. A. Hardy, "The Combine Harvester in Western Canada" (Scientific Agriculture, XII, November, 1931) p.122.

(31) Tenure, Farm Values, Farm Facilities and Mortgage Debt, 1931, pp.47-8.

1921, but this in itself shows their relative insignificance at that date. In 1931 Saskatchewan reported 8 motor trucks for every 100 farms, and was exceeded only by British Columbia with 15, the number for the Dominion being 6.6. The incidence of ownership throughout Saskatchewan was much the same as that of tractors; in the Swift Current territory 17.4 per cent of farms reported trucks and in the Yorkton territory less than 1 per cent.

Although Table IX shows a sharp decline in tractor sales in the Prairie Provinces since 1930, and especially in Saskatchewan where the 1936 census showed clearly that such sales had been insufficient to cover replacement needs owing to the farmers' inability to make new purchases, the depression has probably done little to reverse the trend towards mechanization in agriculture. During 1930-31 the cost of major field operations with tractors was less than with horses on the larger prairie wheat farms, but with low grain prices in 1932-33 horses could do practically all types of field work cheaper than tractors. (32) However, mortality among horses was high in the dried-out areas and costs of replacement and of feed and fodder (which would have often had to be imported from outside the province) were usually greater than the costs of operating a tractor. Economies, though of a doubtful nature, were effected chiefly by reducing cultivation to the minimum required for the planting and harvesting of a crop.

The Typical Farm Unit

Despite the steady advance in mechanization and in acreage under cultivation, the average farm in Saskatchewan has remained a family business. The number of persons gainfully employed per farm has shown a very slight increase over a thirty year period, namely from 1.4 in 1901 to 1.5 in 1931, and in the latter year was lower than in any other area except the Maritime Provinces. (33) There were 184,000 family workers on Saskatchewan farms in 1931 and less than 12,000 full time employees. Hired labour of every kind accounted for only 11 weeks per farm and less than 42 per cent of the farms reported any hired labour. Hirings for from six to eight months are much more common than hirings by the year and reflect the seasonal nature of wheat growing. The peak of the labour load comes in August and September when additional help is required for the harvest on most farms in a normal year. After paid labour is taken into account about 85 per cent of all farm labour is contributed by the farm family. (34)

(32) See E. G. Grest, *An Economic Analysis of Farm Power in Alberta and Saskatchewan*, p.67.

(33) See O. A. Lemieux, "Canadian Census Records of Farm Implements and Machinery," (*C.S.T.A. Review*, No. 4, March, 1935, p. 180).

(34) See also R. W. Murchie, et al, *Agricultural Progress on the Prairie Frontier*, pp. 216, 231 and 277.

The typical prairie farm differs from the typical park belt farm and the latter in turn differs from the homestead of the wooded zone. Soil zones and climate have a direct effect on the size of farms. For instance the size of

TABLE IX

Tractor Sales in the Prairie Provinces, 1920-1936*

Year	Manitoba	Saskatchewan	Alberta	Prairie Provinces
1920	3,671	4,229	2,379	10,279
1921	1,057	1,655	716	3,428
1922	1,361	2,475	386	4,222
1923	911	2,524	731	4,166
1924	465	1,213	434	2,112
1925	1,008	2,176	869	4,053
1926	1,498	3,704	1,311	6,513
1927	1,414	5,727	2,885	10,026
1928	2,209	8,703	6,231	17,143
1929	2,423	6,906	5,228	14,557
1930	1,541	4,350	3,100	8,991
1931	186	267	334	787
1932	195	279	404	878
1933	223	232	307	762
1934	457	395	603	1,455
1935	550	669	938	2,157
1936	996	1,330	1,258	3,584
	20,166	46,834	28,114	95,114

* Information by correspondence, editor, Canadian Farm Implements.

the "average" farm in census division No. 4 in the extreme southwest was 732 acres in 1936 and in division No. 14 in the extreme northeast, 232 acres. The prairie farm with emphasis on production of wheat and large scale machinery and mechanical power tends to be much larger than the more diversified farm of the park belt, while the smallest farm units, materially reducing the provincial "average", are to be found in the subsistence homesteads along the northern fringe of settlement. Though smaller and larger farms are to be found in almost every community, on the prairie plains, the section or 640 acre farm is a common unit of production. The average investment per farm,

will vary greatly from district to district, (35) and machinery values will be far above the provincial average. The big cash crop will be wheat; a few cows, pigs and chickens will normally be kept and a garden cultivated to provide the farm family with a large part of its food requirements. In the park belt where conditions for the production of wheat are less favourable than on the plains, but where a much more diversified agriculture is possible, there is less expensive equipment, variations in the size of farms tend to be somewhat less marked, and the half-section or 320 acre unit is most frequently encountered. On the fringe, where the clearing of wooded soils proceeds slowly, the homesteader's quarter-section is the typical holding and capital investment is slight.

Trends in Land Tenure

A very high proportion of owners to tenants among farm operators is characteristic of the early stages of settlement in a new country. But the free land period comes only once in the history of any region, and those who come too late to homestead must purchase or rent if they wish to operate on the better land. Many, including the younger sons of farmers, will find it either necessary or desirable to rent for a number of years before buying. The trend toward higher capitalization of farm property brought about by rising land values and by the steady increase in the size of the economic farm unit, the latter requiring, as it does, not only a larger acreage but also larger and more expensive operating equipment, adds to the difficulties of the prospective purchaser and makes for an increase in tenancy. Falling prices wipe out the equity of the farmer who has bought land and equipment during a period of rising prices, foreclosure follows and he reverts to the status of a tenant. These factors were in evidence in an increase in tenancy during the period from 1911 to 1921, but the most marked increase took place during the post-war depression (see Table X). The short period of relative prosperity after 1925 effectively halted the trend toward tenancy, but recent years of depression and drought have produced a further sharp increase.

Tenancy tends to be highest on the choicest lands of well established districts, and, in general, is most common in the southeast and south-central parts of Saskatchewan while ownership is most obvious in the northern and more newly developed areas. Tenancy is highest on the good soils of the Regina plains where as early as 1926 in one rural municipality only one-third

(35) On the Saskatchewan plains the average value of farm property per farm was reported as follows: Swift Current, 1928, (96 farms) \$52,685; Belbeck, 1926, (118 farms) \$34,368; Davidson, 1930, (135 farms) \$24,922; Kindersley, 1930, (218 farms) \$20,385. For the park belt average values were: Melfort, 1926, (106 farms) \$24,643; Alameda, 1928, (100 farms) \$18,847; Turtleford, 1930, (182 farms) \$12,848. R. W. Murchie, et al, *Agricultural Progress on the Prairie Frontier*, p.71.

TABLE X
Land Tenure in Saskatchewan, 1901-1936*

Year	Land		Owners	Farms	
	Owned %	Rented %		Tenants %	Owner-Tenants %
1901	96.1	3.9	96.1	1.6	2.3
1911	91.0	9.0	90.6	3.7	5.7
1916	84.1	15.9	82.5	6.4	11.1
1921	80.5	19.5	77.6	10.8	11.6
1926	70.8	29.2	66.2	16.7	17.1
1931	70.5	29.5	66.5	15.4	18.1
1936	65.2	34.8	60.7	20.4	18.9

* Compiled from preliminary returns of the Census of the Prairie Provinces, 1936, and preceding censuses.

of the farmers owned all their land and over half the farms were operated by tenants. (36) On the other hand ownership is highest on the poorer soil types of the southwest, on the less desirable wooded soils of the north where settlement has continued, and on the better land of the Carrot River Valley, much of which has been acquired by homestead since the war.

Special Features of Prairie Land Tenure

A very small proportion of tenants pay a cash rent and at least 85 per cent of all tenants in Saskatchewan rent on a crop-share basis. Leases for more than five years are unusual—the most common crop-share lease being for three years and providing that the tenant may retain two-thirds of the crop out of which he will meet all costs of operation except taxes, the remaining third going to the landlord as rent and for the payment of taxes. If the landlord supplies part of the costs of operation or provides equipment he receives a larger proportion of the crop. Share tenancy has commonly been regarded as a primitive form of tenancy, but in the Prairie Provinces its continuance must be attributed in large part to an adaptation of institutions to the climatic and income variability of the region. (37)

(36) See *Census of the Prairie Provinces*, 1926, pp.442-43.

(37) "Share rents fluctuate with the changes in the price of the crops ... and in the area ... of less productive soil, the smaller gross returns were offset by a lower rent for the land." G. H. Craig, "Land Settlement and Tenancy in the Lomond and Vulcan Districts, Alberta," (*The Economic Annalist*, Vol. VII, No. 2, April, 1937) pp.22-3. On the better soils of the Vulcan district 53 per cent of the 150 rental contracts studied were for one-third share of the crop; 30 per cent for one-half; 14 percent for one-quarter and none were on a cash rental basis. On the poorer soils of the Lomond district 45 per cent of 200 rental contracts were for one-quarter of the crop; 22 per cent for one-fifth; 16 per cent, one-half; 10 per cent, one-third; and one contract on a cash rental basis.

Another feature of tenancy in Saskatchewan has been the large number of partly-owned, partly rented farms, (38) (Table X). Many of the most successful and enterprising farmers own the larger part of their farms but by renting additional acreage from less successful neighbors and institutional holders are able to effect greater economies in large scale operation. Such tenancy, with a short-term lease on a crop-share basis, tends to bring an element of flexibility into farming operations, though frequently it is a step toward ultimate ownership. This class of farm is larger than either wholly owned or wholly rented farms and indicates the drive of mechanization toward larger farm units. The average area of the partly owned, partly rented farm in 1936, namely 690 acres, was more than twice the area of the owned farms (320 acres) and 75 per cent larger than the average farm operated by a tenant (403 acres).

The relationship between tenure and the racial origin of farm operators is more difficult to isolate, but business ability and greater financial resources have made American and British immigrants prefer the prairies and large scale commercial farming, while South, Eastern and Central Europeans have preferred the park belt with its more diversified agriculture and smaller farms. Land ownership may exercise a greater attraction for certain European groups.

"More of the Continental European settlers own their own farms than of either the native born or immigrants from the United States and Great Britain . . . When the total farm acreage operated by the several nativity groups is classified according to type of tenancy, it becomes increasingly clear that the European in Western Canada is not, at least as yet, a tenant farmer. He is pre-eminently the owner-operator of the Canadian West. The United States immigrants are at the opposite extreme. As few as 58 per cent are pure owners in Saskatchewan and only 60 per cent in Alberta, where, as has been pointed out, these immigrants constitute about one-quarter of all farm operators. On the other hand, between 38 and 40 per cent of the farm operators of United States origin in these two provinces are either pure tenants or part owner and part tenants and 35 per cent in Manitoba. Geographical, financial and probably cultural causes contribute to those differences." (39)

(38) Both the number of such farms and the proportion of rented to owned land are increased by the fact that most ranching units are composed of a small acreage of pasture owned and a much large acreage leased from the government. See *Seventh Census of Canada, 1931, Census of Agriculture*, Final Bulletin No. XIX, p.3.

(39) *Agriculture, Climate and Population of the Prairie Provinces of Canada: A Statistical Atlas Showing Past Development and Present Conditions*, prepared under the direction of W. B. Hurd and T. W. Grindley (Ottawa, Dominion Bureau of Statistics, 1931) p.85. "The proportion of rented farms in this area was fairly small, 11 per cent, due in part to the relatively lower values placed on these lands, and to the great desire of people from Continental Europe to own their farms." *Studies of Farm Indebtedness and Financial Progress of Saskatchewan Farmers, Report No. 4, Survey made in the Humboldt District in 1934*, (contributed by Department of Farm Management, University of Saskatchewan, Saskatoon, College of Agriculture, Bulletin No. 71, 1936) p.11.

A new type of tenancy appears to be emerging in the farm management operations of such mortgage company organizations as the Colonization Finance Corporation (40) but it is too early as yet to estimate the significance of the movement.

5. Production Trends in the Wheat Economy

The size and tenure of farms is related to land utilization and a significantly higher proportion of the field crop acreage of Saskatchewan is devoted to wheat than in any other province. Mixed farming, dairying, (usually associated with wheat growing and determined by proximity to the larger urban centres), and ranching are important, but the production of wheat is the major concern of more than 80 per cent of Saskatchewan farmers. Two thirds of the land annually seeded to field crops is devoted to the production of wheat and of the remaining one-third, oats, grown by the farmer almost exclusively for the feeding of his livestock, that is for use on the farm, claim by far the larger part leaving less than 10 per cent of the total acreage for the growing of barley, rye and flax. Over a large part of the prairie plains the proportion of wheat to all other field crops rises to more than 80 per cent and in the drier areas to over 90 per cent. Intense specialization in wheat relative to other grains on the semi-arid plains is a result of the great drought-resisting capacity of wheat, and the extremely high quality of the wheat produced. (41) Ranching is a competitor with wheat in the drier areas of the plains region, but diversification, or mixed farming necessitating extensive production of forage crops, is generally negligible. (42)

(40) See F. W. Reinoehl, "Farm Management Programme of the Colonization Finance Corporation," (*Scientific Agriculture*, Vol. XIII, April, 1933, pp.481-88).

(41) The hard, dry, glutinous quality of prairie spring wheat is well known throughout the world. In some years exceptional weather conditions may cause the bulk of the wheat crop to become "tough" (i.e. to contain too much moisture) or shrunken. It should be noted that shrunken wheat is almost invariably the result of frost or plant disease since the quality of the wheat crop in dry years is usually very high.

(42) "It is frequently forgotten that the development of drought-resistant types of wheat enables this cereal to grow and bring profitable yields under conditions of moisture that would make mixed farming impossible. This is a fact of the very greatest importance which is often not taken into consideration. Last summer [1931] in Southern Saskatchewan there was a complete failure of crops over a large area, such as had not been experienced since the beginning of settlement, thirty-two years ago. There had been short crops; but a generation of farmers had prospered there and communities were well established. Last spring rain failed to come in time. Everything burned up for lack of water. Water could not be had even to maintain small garden plots, and the supplies necessary for household use and for keeping the working animals alive were being trucked or freighted for distances of at least twenty miles. To suggest to farmers of this area that the true solution for the calamity was to change methods of cultivation and to embark upon projects of mixed farming, betrays ignorance of the

TABLE XI

Area, Yield and Production of Wheat in Saskatchewan and in the Three
Prairie Provinces, 1900-1937*

Year	Saskatchewan			Three Prairie Provinces		
	Area	Average	Total	Area	Average	Total
	acres.	Yield bush.	Production bush.	acres.	Yield bush.	Production bush.
1900	487,170	8.8	4,306,091	2,495,474	9.4	23,456,985
1905	1,376,281	23.1	31,799,198	3,941,369	21.2	83,549,927
1906	2,117,484	—	—	5,062,493	—	—
1908	2,396,000	14.5	34,742,000	5,624,000	16.3	91,855,000
1909	3,685,000	23.1	85,197,000	6,878,000	21.4	147,482,000
1910	4,228,222	15.8	66,978,996	7,867,423	14.0	110,166,704
1911	5,255,914	20.8	109,323,000	9,990,461	20.9	208,697,000
1912	5,582,000	19.2	106,960,000	10,011,000	20.4	204,280,000
1913	5,720,000	21.3	121,559,000	10,036,000	20.9	209,262,000
1914	5,348,300	13.7	73,494,000	9,335,400	15.1	140,958,000
1915	8,929,260	25.1	224,312,000	13,867,715	26.0	360,187,000
1916	9,032,109	16.3	147,559,000	14,362,809	16.9	242,314,000
1917	8,273,250	14.3	117,921,300	13,619,410	15.6	211,953,100
1918	9,249,260	10.0	92,493,000	16,125,451	10.2	164,436,100
1919	10,587,363	8.5	89,994,000	17,750,167	9.3	165,544,300
1920	10,061,069	11.3	113,135,300	16,841,174	13.9	234,138,300
1921	13,556,708	13.8	188,000,000	22,181,329	12.6	280,098,000
1922	12,332,297	20.3	250,167,000	21,223,448	17.7	375,194,000
1923	12,791,000	21.3	271,622,000	20,879,558	21.7	452,260,000
1924	13,033,000	10.2	132,918,000	21,066,221	11.2	235,694,000
1925	15,508,962	18.8	235,472,000	19,759,648	18.6	367,058,000
1926	13,558,384	16.2	219,646,000	21,805,314	17.5	380,765,000
1927	12,979,279	19.5	252,500,300	21,425,656	21.2	454,559,300
1928	13,790,854	23.3	321,215,000	23,158,505	23.5	544,598,000
1929	14,445,286	11.1	160,565,000	24,297,116	11.6	281,664,000
1930	14,713,673	14.0	206,700,000	24,807,058	16.0	397,300,000
1931	15,026,185	8.8	132,466,000	25,586,092	11.8	301,181,000
1932	15,543,000	13.6	211,551,000	26,395,000	16.0	422,947,000
1933	14,743,000	8.7	128,004,000	25,177,000	10.4	263,004,000
1934	13,262,000	8.6	114,200,000	23,296,000	11.3	263,800,000
1935	13,206,000	10.8	142,198,000	23,293,000	11.3	264,098,000
1936	14,596,000	8.0	117,000,000	24,522,000	8.6	212,000,000
1937	13,893,000	2.5	35,000,000	24,599,000	6.7	164,000,000

* Information by correspondence from Agricultural Branch, Dominion Bureau of Statistics, Ottawa, September, 1937.

Wheat Production

Wheat acreage expanded rapidly from the opening of the century until 1921, but has since remained relatively stable (see Table XI). Drought has been the chief cause of the wide variations in yield per acre and in total production. For twenty years the province has possessed more than half the total Canadian wheat acreage and over most of that period the Prairie Provinces have contributed approximately 96 per cent of the Dominion acreage. In the last fifteen years, Saskatchewan has accounted for roughly 60 per cent, Alberta 30 per cent and Manitoba 10 per cent of the total western wheat acreage. Since Saskatchewan has shown the greatest variation in yield per acre her contributions to total wheat production have varied greatly, and over the nine year period 1929-1937 she has failed to average one-half of the Canadian production or even one-half of her own peak production in 1928. This situation has been largely due to the prolonged drought in the southern part of the province, where the bulk of the wheat acreage is concentrated. In 1931 the returns for the four large southern crop districts ranged from 1.8 to 5.7 bushels per acre, while in the Carrot River Valley and the North Battleford area yields of 23 bushels to the acre were harvested. There was a general improvement in the south in 1932, but yields remained below the long-run average.

"In 1933, Saskatchewan produced ... the smallest crop reported since 1920, and equalled the lowest yield per acre on record, that of the failure of 1919. On the prairie plains from 8.9 million acres of wheat, 60 per cent of the total wheat acreage of the province, only 37 million bushels were harvested, averaging 4.1 bushels per acre, whereas in the park belt, from 5.8 million acres, 88 million bushels were obtained, averaging 15.2 bushels per acre. Deprived of revenues, even from low priced wheat, the season of 1933 gave another staggering blow to the prairie wheat farmers." (43)

situation. Perhaps I might quote the statement of a master farmer within this area: 'It is out of the question to try and grow clovers or cultivated grasses on the good prairie wheat soils because of the difficulty experienced in getting a catch in many years, as well as the disappointing yields that follow grass and sweet clover crops if there is a shortage of moisture.'" D. A. MacGibbon, "The Future of the Canadian Export Trade in Wheat" *Contributions to Canadian Economics*, V, 1932, p.8-9. For comparative yields of wheat and forage crops at Swift Current Dominion Experimental Station see S. Barnes, "Economic Aspects of Drought Resistance" (*Scientific Agriculture*, XII, December, 1931, pp. 206-8). See also J. B. Harrington, "Cereal Crop Improvement for Dry Farming Conditions" (*Ibid.*, XVI, November, 1935, pp.113-20; E. S. Hopkins, "Cultural and Rotational Practices for Dry Land Agriculture" *Ibid.*, 121-6; H. J. Kemp and H. A. Purdy, "Suitable Cereals for Dry Land Farming on the Prairies," *Ibid.*, pp.135-40); Hon. J. G. Taggart, "The Maintenance of Dry Land Farming on the Southern Prairies," (*C.S.T.A. Review*, September, 1935,) pp.335-6; *Guide to Saskatchewan Agriculture*, (Saskatoon, Agricultural Extension Department, University of Saskatchewan, 1936) p.30.

(43) Wm. Allen and E. C. Hope, *The Farm Outlook for Saskatchewan, 1934*, (Saskatoon, 1934) p.2.

In 1934 production fell off still further:

"The four southern crop districts, which contain about one-half of the total wheat acreage of Saskatchewan produced only one-quarter of the total wheat crop. In these districts, the average yield of wheat was down to 4 bushels per acre. For many districts harvests were too poor to return seed, and failures of forage crops and gardens were experienced. Farmers in the northern and east central crop districts where park belt conditions prevail, had satisfactory yields generally despite local frost damage, and from about one-fifth of the provincial wheat acreage obtained one-half of the total Saskatchewan wheat crop." (44)

In 1935 confident anticipations, following a break in the drought, of at least average wheat yields were shattered when rust invaded the province from the east, drought from the west, and frost from the north. The extremely severe epidemic of wheat-stem rust destroyed nearly one-quarter of the total wheat acreage and materially reduced both the quality and quantity of much of the remaining crop. In 1936 the excellent crop prospects of June were converted by heat and drought into another failure and the lowest wheat yield on record. Finally, in 1937, drought brought the most complete crop failure in the history of settlement over the entire prairie wheat belt. (45)

Wheat acreage in Saskatchewan reached a peak in 1932, declined sharply with drought and extremely low prices, rose again with improved prospects in 1936, but fell in 1937 after another severe crop failure. Reductions in acreage have been evident in each of the nine provincial crop districts, but restriction has been greatest in the southwestern and south-central crop districts with consequent abandonment of farm holdings.

Production of Coarse Grains

More than one-third of the oat acreage of the Dominion and rather more than one-half of the oat acreage of the Prairie Provinces is situated in Saskatchewan. Oat production reached its *minimum* after the war (Table XII) but declined through the twenties as the horse gave way to the tractor. The increased acreages of the last few years have been largely a result of the reduced supplies brought about by repeated crop failures on the prairies. Though nearly every farm has a certain proportion of its crop area devoted to oats, production is relatively most important on the farms of the park belt and the forest areas where conditions for wheat production are less favourable. Oats occupy a very small proportion of field crop land in the southwest. They are

(44) Ibid., 1935 (Saskatoon, 1935) p.2.

(45) For a discussion of the values of Saskatchewan wheat crops and the course of wheat prices see below, Part VI, section 1.

particularly sensitive to drought conditions and in the drought areas during 1931, 1933, 1934, 1936 and 1937, the average yield of oats per acre was considerably below the average yield of wheat. (46)

Barley is particularly adapted to the conditions of the Prairie Provinces. It is an early maturing cereal and suited to areas menaced by early fall frosts. It can be planted late and is of particular advantage where weeds are to be killed in early spring. Barley will yield well on land too heavily infested with weeds to grow wheat or oats. However, like oats, it is not as well suited as wheat to the climatic conditions of the prairie plains, and makes an extremely poor showing on dry years. It is grown most extensively in the eastern and northeastern park belt where farming is more diversified, and in such areas the improved demand for malting barley during the last ten years has encouraged production. Saskatchewan contains about one-third of the Canadian barley acreage, though the crop accounts for only six per cent of the total field crop acreage of the province. Manitoba is a more important producer. (47)

Rye is much less important than barley in Saskatchewan though the province includes over half the Dominion rye acreage. It enjoyed a brief popularity in the post-war period, but neither yields nor price have encouraged production. The greater part of the rye acreage is found on the lighter, sandy soils of the southwest. At Maple Creek in 1931 more than 40 per cent of the cultivated acreage was in fall-sown rye, being grown in an attempt to prevent losses from soil drifting. (48)

The production of flax seed is of slight importance. In recent years nearly 80 per cent of the total Canadian flax acreage has been situated in the province, but the peak of flax seed production was reached in 1912 and both acreage and production have declined to low levels. The growing weed problem restricted production as flax requires a clean seed-bed; and the gradual increase in the United States duty between 1921 and 1930 narrowed the market. Canada imported nearly 1,000,000 bushels of flax seed during the crop year 1935-36. (49) A revival in building activity may be expected to increase the demand and to be followed by some increase in domestic production.

(46) See J. B. Harrington, "Cereal Crop Improvements for Dry Farming Conditions," and *Annual Report of the Secretary of Statistics, 1936, Department of Agriculture, Saskatchewan*, pp.95-96.

(47) See H. Barton, et al, "Barley in Canada" (*C.S.T.A. Review* No. 11, December, 1936, pp. 91-154).

(48) See C. C. Spence, "Land Utilization in Southwest Central Saskatchewan" (*The Economic Analyst*, VI, December, 1936, pp.84-9).

(49) *The Agricultural Situation and Outlook, 1936*, (Ottawa, Departments of Agriculture and Trade and Commerce, 1935) p.19.

TABLE XII

Area and Production of Coarse Grains and Flax Seed
in Saskatchewan, 1900-1937*
(In Thousands)

Year	Oats		Barley		Rye		Flax	
	Acreage	Total Bus.	Acreage	Total Bus.	Acreage	Total Bus.	Acreage	Total Bus.
1900	142	2,270	12	187	1	12		
1905	606	25,624	41	1,196	1	20	36	487
1906	902		78		3		199	
1908	930	29,205	81	1,952	3	41	110	1,144
1909	1,847	91,796	135	4,493	3	38	110	1,787
1910	1,868	58,923	130	3,061	1	12	506	3,893
1911	2,333	107,542	274	8,658	2	61	1,154	13,039
1912	2,556	117,537	292	9,595	3	57	1,780	23,033
1913	2,755	114,112	332	10,421	3	68	1,386	15,579
1914	2,520	61,816	290	4,901	3	54	958	6,131
1915	3,336	145,066	300	9,523	7	203	395	5,255
1916	3,792	163,278	367	9,916	23	548	542	6,692
1917	4,522	123,214	670	14,068	53	998	754	4,711
1918	4,988	107,253	699	11,888	123	1,420	841	4,205
1919	4,838	112,157	493	8,971	190	2,000	930	4,490
1920	5,107	141,549	519	10,501	172	2,535	1,141	5,705
1921	5,682	170,513	498	13,343	1,208	13,546	427	3,230
1922	5,098	179,708	636	18,511	901	16,164	466	4,079
1923	4,899	218,075	640	19,278	569	8,582	466	5,494
1924	4,942	97,345	954	17,360	178	2,507	927	6,119
1925	3,752	102,297	858	18,105	191	2,850	692	4,870
1926	3,921	110,193	872	21,891	307	5,454	520	3,744
1927	4,413	142,526	926	27,129	358	8,561	331	3,373
1928	4,359	156,043	1,621	44,266	471	8,412	279	2,654
1929	4,256	68,944	2,229	30,755	642	8,301	298	1,462
1930	4,531	125,509	2,016	40,522	1,010	14,875	431	3,900
1931	4,295	67,700	1,375	14,340	528	2,396	509	1,820
1932	4,365	107,400	1,329	23,400	482	5,190	381	2,200
1933	4,571	75,422	1,228	17,560	305	1,777	205	410
1934	4,625	64,288	1,088	12,403	346	1,320	175	542
1935	4,942	131,951	1,146	23,149	374	4,967	260	1,250
1936	4,610	65,462	1,299	16,627	327	1,489	354	1,240
1937	4,380	28,032	1,174	6,457	518	956	175	123

* Information supplied by the Agricultural Branch, Dominion Bureau of Statistics, Ottawa, September, 1937.

Forage and Other Crops

The area seeded to forage crops has been declining for several years under conditions of severe drought and in 1937 accounted for less than one per cent of the field crop acreage. Sweet clover, Western rye grass, brome grass and alfalfa have been the most important crops and have been grown chiefly in areas where a fair annual precipitation can usually be expected. Fodder corn is grown in the Maple Creek area in the southwest. Excellent work is done in the development of new grasses and in the distribution of grass seed to farmers by the Forage Plants Division of the Dominion Department of Agriculture. Because of superior drought-resisting qualities the recently developed crested wheat-grass is becoming more popular than the older varieties and this grass will undoubtedly be used to good advantage in the semi-arid section for permanent re-grassing to check soil-drifting, and for hay and pasture.

The space devoted to gardens and the cultivation of small fruits is increasing. Census statistics for 1926 (the latest figures available) showing only 62 per cent of Saskatchewan farms with gardens (50) lead one to suspect that many farmers, thinking their gardens of no commercial importance, did not report them, for one seldom sees a farm without a garden. Scanty precipitation makes it difficult to maintain gardens in the extreme southwest of the province, but wherever and whenever rainfall is adequate a variety of vegetables and flowers can be grown. Much can also be done in the cultivation of small fruits, protected by tree belts or "wind-breaks." The acreage of small fruits was 5 times as great in 1931 as in 1921, and that of orchards 50 times as great. (51) The number and area of farm gardens has increased in recent years as financial stress has emphasized the value of this means of supplying an important part of the farm diet. (52) The potato acreage of the province increased from an average of 39,000 for the years 1925-29 to an average of 45,000 for the years 1930-34 and to 50,000 in 1935.

The Relative Importance of Livestock

The increase in livestock (53) in Saskatchewan since the beginning of the century (Table XIII) though substantial, has been, relatively, limited. The failure of livestock production to expand rapidly is a result of displacement of the ranching economy over a greater part of the prairie plains, unfavourable conditions for diversified agriculture, and mechanization of wheat production.

(50) See *Census of the Prairie Provinces*, 1926, p.417.

(51) See *Seventh Census of Canada, Census of Agriculture, Final Bulletin XXV*, pp.2-31.

(52) "For many years there has been an increasing tendency for farmers of the open plains area to keep cows and poultry, to grow gardens and small fruits, all with a view to providing a substantial part of the family living." J. G. Taggart, "The Maintenance of Dry Land Farming on the Southern Prairies," p.337.

The number of horses in Saskatchewan increased up to 1925 but has been declining for the last ten years. Previous to 1933 Saskatchewan produced more horses than were required within the province, supplied some of the replacement needs of Eastern Canada and exported considerable numbers to the United States. Increased mechanization of agriculture in the twenties is reflected in the decline in the percentage of farms owning horses from 91 per cent in 1921 to 82 per cent in 1931 and in the decrease for farms reporting such ownership from 9.9 to 8.9 head per farm. (54) Reduction since 1931 may be attributed in very large measure to the lack of feed and fodder resulting from drought, as in the dried-out areas the horse population decreased by nearly 20 per cent while the park belt showed an increase. (55)

The number of dairy cows in Saskatchewan has tended to increase in about the same proportion as the population since 1900, though numbers have always tended to decline in periods of relative prosperity and to increase during depression. Seventy-two per cent of Saskatchewan farms reported dairy cows in 1931 as compared with 78 per cent in Ontario and 75 per cent in the Dominion. The number of farms reporting these animals is highest in the eastern and northern park belt and lowest in the semi-arid area of the southwest. Of the farms reporting in 1931, two-thirds reported 1 to 4 cows while only 3.5 per cent reported 15 or more (56) which suggests that the average Saskatchewan farmer is chiefly concerned in obtaining an adequate supply of milk, cream and butter for family use. For the prairie farmer especially dairy production is a small sideline rather than a major division of farm operations; surplus milk is usually separated and the cream shipped to the nearest creamery, the proceeds comprising a small but useful addition to the farm income in the form of ready cash. (57) Almost one-half of the farms reporting these cattle had 4 or less animals per farm while only 10 per cent showed more than 15 animals. A decline of nearly 20 per cent between 1921 and 1931 was a reflection of market conditions and of a retreat from diversification in sections of the plains area. The recent increase in both dairy cows and other cattle has been most marked in the park belt.

(53) The number, or the value, of livestock in the province at any time is to a great extent a capital item and does not reveal the volume of production. It is impossible to show this accurately so that the most satisfactory comparison with grain-growing is through the values of production for grain and other farm products as given below, Part VI, section 1.

(54) See **Seventh Census of Canada, 1931, Census of Agriculture, Farms Reporting Livestock by Kinds, Total Number of Animals Reported for each Kind, Preliminary Report**, (Ottawa, Dominion Bureau of Statistics, 1932) pp.1-2.

(55) See **Annual Reports of the Secretary of Statistics, Department of Agriculture**, Regina, 1931 to 1936.

(56) See **Preliminary Report on Farms Reporting Livestock by Kinds**, pp.2-3, 8-9.

(57) See E. G. Misener, **An Economic Survey of the Dairy Industry in Saskatchewan**, (Regina, mimeograph, 1930) and W. M. Drummond, "Problems of the Canadian Dairy Industry" (H. A. Innis, et al, **The Dairy Industry in Canada**, Toronto, 1937, pp. 127-210).

TABLE XIII

Livestock on Farms in Saskatchewan, 1901-1937*
(In Thousands)

Year	Horses†	Milch Cows	Other Cattle	Total Cattle	Sheep	Swine	Poultry
1901	83	56	161	217	73	28	297
1906	241	113	360	473	121	124	
1911	575	231	546	778	125	333	3,393
1916	842	322	689	1011	124	531	
1920	948	355	970	1324	161	322	
1921	1179	422	1142	1563	188	433	7,857
1922	1152	456	1147	1608	192	563	
1923	1146	404	1131	1535	137	660	
1924	1180	468	1061	1529	123	873	
1925	1178	497	1003	1499	131	611	
1926	1100	438	722	1160	162	598	9,181
1927	1168	462	842	1304	170	617	
1928	1141	419	763	1181	183	602	
1929	1123	420	747	1167	208	600	
1930	1077	429	786	1215	210	498	
1931	1000	480	709	1189	281	949	11,519
1932	963	454	874	1328	314	898	11,603
1933	946	480	966	1446	360	649	10,348
1934	932	556	948	1504	448	596	10,434
1935	934	554	932	1486	460	514	9,501
1936	906	591	942	1533	343	665	9,626
1937	874	564	877	1441	345	454	

* Compiled from Reports of the Secretary of Statistics, Department of Agriculture, Province of Saskatchewan.

Although sheep are raised on about five per cent of Saskatchewan farms, the sheep population has been increasing steadily since 1924 and between 1930 and 1935 more than doubled. The number of sheep per farm reporting is more than double the Dominion average and in the southwest specialization has resulted in many large sheep ranches. The recent expansion has been most marked in the dried-out areas of the southwest which would seem to indicate that sheep are better adapted to scanty rainfall than most other farm enterprises. (58) While Ontario tends to maintain a place as centre of the sheep raising industry in Canada, the Maritimes and Quebec are rapidly losing ground to

(58) See L. E. Kindt, "Capital Invested per Sheep Ranch in the Maple Creek and Great Sandhills area of Southwestern Saskatchewan," (*Scientific Agriculture*, XIV, February, 1934, pp. 336-7); W. H. Tisdale, "A National Sheep Policy" (*Ibid.*, XV, October, 1935, pp. 57-66); Wm. Allen and E. C. Hope, *The Farm Outlook for Saskatchewan*, 1935, p. 6.

the Prairie Provinces, which accounted for about 40 per cent of all sheep in Canada in 1935, Saskatchewan claiming a little over one-third of the total. (59)

Swine are kept on 60 per cent of Saskatchewan farms, but the production cycle being a short one, both the number of farms keeping swine and the average number kept per farm are subject to fairly wide variations. Production reached a peak in 1931 (see Table XIII) following the collapse in grain prices but the domestic market was unable to absorb a surplus and hog prices fell so low in 1932 as to discourage producers. Feed shortages in many areas brought further liquidation in 1933 and 1934. Southern and central European immigrants are more inclined toward hog production than British or American settlers, and swine are raised most extensively in the eastern and northeastern park belt.

In 1931 more than three-quarters of all Saskatchewan farms kept an average of over 100 head of poultry; turkeys, geese and ducks accounting for less than 10 per cent of the total. Poultry keeping is fairly well distributed, since, as in the case of dairy cattle, the farmer keeps them chiefly for his own table and sells only the surplus production. Few farmers engage in poultry production as a major line of business and only one farm of every 200 reporting kept over 500 birds. (60)

6. The Hazards of Wheat Production

The pioneer farmers of the West discovered that the problems of prairie agriculture could not be solved by the application of farming techniques imported from the British Isles or Ontario, and found adaptations of agricultural techniques worked out in the western United States much more useful. Science and experiment have helped to reduce other hazards of cereal production, but wide swings in Saskatchewan wheat production over the last ten years are sufficient indication that the risks are still disconcertingly large.

The shortness of the growing season as a serious hazard was overcome by scientific research in the development of early ripening varieties of wheat. What Red Fife at the opening of the century, followed by a more significant advance in the introduction of Marquis by 1912, did for the prairie plains, Garnet and Reward went far toward doing for the park belt and parts of the northern forest region by 1929, though only oats can be grown with safety as yet along much of the northern fringe. Fluctuations in the frost free period from year

(59) See Statistical Data Supplementary to the Agricultural Situation and Outlook, 1936, p.85.

(60) See Preliminary Report on Farms Reporting Livestock by Kinds, pp. 7, 10-11.

to year have proved much more difficult. Spring frosts, though common, are seldom serious but late summer frosts in July and August strike the grain plant at a particularly critical stage and may cause a complete crop failure. The danger is greatest in the northern section where frost often impairs the quality of the grain, though sometimes, as in 1928, when nearly all the extraordinarily large Saskatchewan wheat crop was severely damaged by frost, the loss extends to the greater part of the province. In the territory around and north of Melfort, Prince Albert, North Battleford and Lloydminster, a late spring or an excessive summer precipitation frequently makes the grain late in ripening and results in it being caught by an early frost. Damage to gardens and small fruits through late spring, late summer or early fall frosts is common to every part of the province.

The greatest single problem of wheat production in Saskatchewan arises out of the variability of rainfall in the growing season. "Rainfall deficiency . . . divides the history of settlement into 'good' and 'bad' years. It has been the chief conditioning factor of agricultural practice. In most years rainfall is deficient only in the sense that it is not adequate except for drought-resisting crops on land tilled by moisture conserving methods. It is approximately true to say that over nearly the whole of the West the agricultural economy is focussed on the conservation of moisture." (61) Not only is the actual rainfall inadequate over wide areas, but the rapid rate of evaporation, caused by the hot dry winds of summer, brings still further depletion of moisture reserves. On the heavy drought-resistant soils, especially, the introduction of dry-farming methods met the problem in its less acute form, but the final solution has yet to be found.

Drought

A period of drought unprecedented in the records of prairie settlement synchronized with a depression unprecedented in Canadian agriculture, and the province of Saskatchewan in which the dried-out area chiefly lies, has had to bear an exceptionally heavy burden. For nine years the drought has held almost unbroken over most of the best agricultural area of the province. The following extract gives a picture of conditions in 1934 in one section of the afflicted area:

"We entered Saskatchewan at Antler, and from there to Stoughton a distance of more than 50 miles, we passed through a landscape of almost incredible desolation. There had been a little rain this season, but the dry

(61) W. A. Mackintosh, *Prairie Settlement; The Geographical Setting*, p.14. "Variability of precipitation and the frequency of its deficiency increases as one moves from the sub-humid to the semi-arid belt. The district along the Alberta-Saskatchewan boundary which is characterized by a low percentage of land occupied, a low density of population, low crop yields, a high proportion of abandoned farms, and range densities of sheep and cattle is conditioned not only by a scanty rainfall but by a highly variable rainfall." pp.176-77.

and thirsty soil, depleted of its reserve moisture by long and continued drought, had absorbed it without a trace remaining.

"The land was as lifeless as ashes, and for miles there was scarcely a growing thing to be seen. Where a scanty herbage had struggled up through the dust, flights of grasshoppers had apparently completed the destruction and then despairing of further sustenance, had flown off to other fields.

"In many places the land lay untilled, and often where there were evidences of attempted cultivation, the fields were as black as when they had been turned over by the plough. Gaunt cattle and horses, with little save their skins to cover their bones, stalked about the denuded acres weakly seeking to crop the French weed, which with a malign persistence, seemed to be maintaining some sickly growth . . . The few people in evidence in the little towns appeared haggard and hopeless. For fully 50 miles of the region traversed by the highway which bears the ill-omened number of '13', there did not appear to be one single field that will produce a bushel of grain or a load of fodder. If there was anything of a more productive nature I failed to see it, and I was watching the landscape with care and attention. If the livestock of the district are to be saved they will either have to be moved away altogether or all the feed necessary to sustain them will have to be shipped in.

"And as for the people themselves, God only knows what their extremity must be. Perhaps they have been unfortunate in their selection of a part of the country unsuitable for sustained cereal production, or they may be suffering from a combination of unfavourable conditions which comes only once in a lifetime; but whatever the cause, the land upon which they have depended for sustenance has utterly failed them." (62)

The area just described has not suffered as long or as acutely as some others.

"In one day we zig-zagged across a little more than three municipalities in the western end of the Saskatchewan drouth area. We had a look at some badly drifted land, piled with sand heaps, tunnelled with wind channels, or tufted with Russian thistle. . . Six years of drouth have about brought that part of southwestern Saskatchewan between Cadillac, Kincaid and Gravelbourg down to the lowest common denominator, which means that this section of the province may be designated as the 'centre' of the so-called dried-out area. One farmer southwest of Cadillac . . . gathered and threshed 400 bushels of wheat from 150 acres, his oats sown on 30 acres being a complete failure, making it necessary to buy oats for both seed and feed—if he can buy them . . . This man is one of the best farmers

(62) "Milestones and Memories" by "The Stroller" (Regina Leader-Post, July 12, 1934).

in the municipality, according to the secretary. He came in and settled there with the majority of others in 1911 ... Contrast this rather competent farmer with those who were not nearly so well fitted to combat six years of drouth. They were forced into taking relief assistance inside of two years. Their stock and equipment has deteriorated in accordance with their condition until neither have been capable of handling even reduced acreage sufficiently well to warrant returns comparable to the expenditure of effort and expense with the result that their crops are a complete failure." (63)

It is generally conceded that, for the most part, there is nothing wrong with the soil; the choicest prairie wheatlands have been afflicted.

"Of thirty townships the information received indicated that only two appear to have been knocked out by soil-drifting ... The people living here ... say the land is still all right. They still believe a come-back can be made if it will rain. And the crop they think ought to be grown is a wheat crop. They say this is a wheat country. It will grow wheat better than anything else—if it will only rain. They claim the average production of wheat up to 1929 indicates that the country was all right for the first 25 years of settlement. And six and seven and eight elevators at the towns stand as square and rugged testimony that it was not unusual for a good shipping point to send out a million bushels of wheat in one year." (64)

The effects of prolonged and widespread drought on income and standards of living, the difficulties and magnitude of relief, the economic and social problems of rehabilitation, will be discussed in subsequent sections.

Insect Pests

To add to the devastation of drought came the grasshoppers. The history of this plague extends back over a hundred years to the beginnings of settlement in the Red River Valley in Manitoba. Dry weather gives the grasshopper the most favourable conditions for breeding while reduced plant growth makes his depredations more apparent. The rapid development of the recent grasshopper plague is shown in Table XIV which also gives the damage to

(63) D. B. McRae and R. M. Scott, *In the South Country: A Reprint of a series of Articles which appeared in the Winnipeg Free Press, Regina Leader-Post and Saskatoon Star-Phoenix in September, 1934, as the Result of a Tour of the Drouth-Stricken Districts of Saskatchewan and Manitoba.* (Saskatoon 1934) p.13.

(64) *Ibid.*

Saskatchewan crops in recent years by the other important insect pests of the region, namely the sawfly, the cutworm and the wireworm. (65) Grasshopper damage to wheat increased from 2.8 per cent in 1932 to 18.2 in 1933, but in the important south-central crop division damage to wheat crops was estimated at 40 per cent and, to other cereal crops, as high as 80 per cent; in the northeast and the northwest it was negligible. (66) A winning battle is being fought against the grasshoppers. Areas of infestation are not uniform from year to year but can be predicted with reasonable accuracy by entomologists. It has been estimated that the well organized fall tillage program and grasshopper poisoning campaign of 1933-34, when infestation covered two-thirds of the province and was greater than ever experienced before, saved at least ten million bushels of wheat in 1934. Damage from other insect pests also tends to be most severe in the prairie wheat belt, considerable loss being caused by cutworm in the northwest. All insect damage can be reduced by careful cultivation practices.

TABLE XIV

Percentage Reduction of Grain Yields from Major Insect Pests
in Saskatchewan, 1927-1936*

Year	Grasshopper	Sawfly†	Wireworm	Cutworm
1927		2.9	1.9	.3
1928		2.4	1.6	.2
1929		4.2	1.8	.7
1930		3.8	1.8	3.8
1931	1.2	4.3	2.6	3.8
1932	2.8	3.2	2.5	5.4
1933	18.1†	3.7	2.1	1.8
1934	7.8†	1.6	2.0	1.1
1935	3.0†	3.3	3.5	2.0
1936	2.1†	3.4	3.0	1.1

* Information supplied by the Dominion Entomological Laboratory, Saskatoon, August, 1937.

† Wheat damage only. Grasshopper damage to coarse grains was: 1933, 24.9 per cent; 1934, 4.9 per cent; 1935, 5.1 per cent; 1936, 2.8 per cent.

(65) "In considering the high percentage of crop damage by grasshoppers as estimated for crop districts 1, 2, 3, 4, 6 and 7, it is essential to keep in mind that drought and soil drifting were dominant factors in reducing crop yields and it is extremely difficult to differentiate accurately between the loss caused by insects and that occasioned by drought." Report of the Secretary of Statistics, 1934, Department of Agriculture, Saskatchewan, p.89.

(66) See N. J. Atkinson, "The Increase of Insects to Economic Importance in the Prairie Provinces" (Scientific Agriculture, XII, December, 1931, pp.200-3), and Guide to Saskatchewan Agriculture, pp.42,-9.

The control of insect pests is closely related to the control of weeds, but a marked increase in nearly all weeds has resulted from the lack of feed and farm power which has prevented timely and thorough control work in many districts during recent years. The more recently developed districts are, as yet, relatively free from weeds but in the older districts of the prairies and the rich agricultural country of the Carrot River Valley weeds constitute an increasing problem.

Plant Diseases

Wheat stem rust is by far the most destructive plant disease with which the western farmer must contend and is most prevalent in the provinces of Saskatchewan and Manitoba. It is caused by a fungous parasite which is blown northward from the wheat areas of the United States. Damp, warm weather in the early part of the summer is particularly favourable to the germination of these spores and the degree to which the western Canadian crop is affected naturally depends to a great extent upon the direction of the winds in the earlier part of the growing season.

The loss to western farmers from wheat stem rust over the last 20 years has averaged at least \$25,000,000 annually, the bulk of which has occurred in Saskatchewan. In years of serious infestation, as in 1916, 1925 and 1927 injury to the wheat crop has risen to more than \$100,000,000. (67) In 1935 weather conditions were such as to cause another severe outbreak in the best crop area of Saskatchewan and although the financial loss was not as heavy because of the lower price the crop damage was comparable with the worst years previously experienced. (68)

Early seeding and the use of early maturing varieties so that grain may ripen before it becomes seriously infected have tended to reduce losses and there is assurance that prevention of the heavy losses from this source is definitely in sight. Four high quality rust resistant wheats have been developed and it is confidently anticipated that in 1938 sufficient seed will be available to replace several million acres of the present rust susceptible strains by the rust resistant wheats.

Of other plant diseases it has been estimated that rootrot has been responsible for crop losses in excess of 10 million bushels of wheat annually in Saskatchewan for a number of years. Rootrot diseases are more commonly found

(67) See D. L. Bailey, *Stem Rust in Western Canada*, (Studies in Cereal Diseases, IV, Ottawa, Department of Agriculture, 1928.) and F. J. Greaney, "Cereal Rust Losses in Western Canada" (*Scientific Agriculture*, VI, July, 1936, pp. 608-13).

(68) F. J. Greaney estimates the 1935 damage at 56,571,000 bushels of wheat in Saskatchewan and 30,674,000 in Manitoba valued at a total of \$55,415,000. For the eleven years 1925-35 he thinks "a conservative estimate of the average annual loss caused by all cereal rusts in the three prairie provinces of Canada is \$40,000,000." (pp.613).

in the park belt. The "smut" diseases which have caused considerable loss to wheat growers in the United States have never been serious in Western Canada, because farmers have always treated seed wheat and other cereals for "bunt" and because most of the varieties seeded are fairly resistant to loose smut.

Hail, the One Insurable Risk

The terror of hail has always been with the Saskatchewan farmer though losses from this quarter, over a period of years, have been much greater in some districts than others. The danger from hail tends to be greater in good crop years and the farmer who has seen a promising crop completely wiped out in ten minutes is not likely to forget the spectacle. Hail, nevertheless, is the one major risk against which insurance is possible, premium rates being based on the loss history of a given district.

The Saskatchewan Municipal Hail Insurance Association represents an attempt by prairie wheat growers to provide a system of co-operative or mutual insurance against this hazard of wheat production. The usefulness of the Association to wheat farmers has been demonstrated by its steady growth. By 1930 the organization included most of the municipalities in the wheat belt and was carrying an annual insurance risk of 40 million dollars covering 8 million acres of grain, which was almost equal to the total value of policies written by the 54 commercial companies in the field. (69) Losses paid, though subject to great variation from year to year, were averaging upwards of \$1,500,000 annually and a claims reserve fund in excess of \$2,500,000 had been built up.

Since 1930 Municipal Hail Insurance has been the only hail protection that the majority of farmers could afford and consequently the relative economic significance of the Association has been greatly increased. In the five years 1931-35 inclusive, the Association paid out in cash indemnities nearly four times the amount paid out by all the commercial companies. (70) Following payment of loss claims amounting to more than \$1,000,000 in 1934 and although the book reserves of the Association had risen to \$3,750,000, the directors felt it necessary to review the real financial position of the Association:

Having sold over \$1,600,000 of securities during the last five years, the invested reserve has been very seriously depleted, until at the end of January, 1935, the only "quick" assets remaining are \$293,000.00 in Provincial

(69) See *Directors' and Auditor's Reports of the Saskatchewan Municipal Hail Insurance Association for the year ending January 31, 1931.* (Regina, 1931) p.3. Hail tax levies make up from 6 to 12 per cent of the annual tax levies for all rural municipalities, depending on hail damage.

(70) See *Directors' and Auditors Reports for the Year Ending January 31, 1936.* p.4. The losses paid over the 5 years were \$4,128,200 and \$1,047,896 respectively. The number of municipalities belonging to the Association also increased from 151 in 1930 to 159 in 1935.

bonds and \$79,690.00 in City bonds, the sale of which might raise \$360,000.00, or a lesser amount if the securities are pledged against a loan. There is in addition over \$400,000.00 of rural securities, but as so many of these are badly in default, no market value can be quoted nor could any appreciable amount be raised on them by way of a loan. (71)

The balance of the Association's assets were made up of hail tax arrears which had increased from \$177,000 at the beginning of 1930 to \$2,929,691 at the beginning of 1935. Nevertheless in 1935 and 1936 the Association succeeded in paying claims in excess of \$1,200,000 in full though "quick" assets showed further reductions and tax arrears increased to \$3,580,134. (72)

Drought and grasshoppers, frost and hail, rust and noxious weeds make a grim and formidable array against the grain grower. Few communities have escaped the ravages of one or more of these foes, though a reasonable degree of prosperity had been attained by the average established farmer on the better soil types of Saskatchewan by 1929. Even in 1937 communities might be found which, according to local report, had never had a crop failure; the crops in such districts have varied with weather conditions, but there has always been a harvest. Such fortunate communities are rare. To the greater part of the wheat economy the last eight or nine years would have been extremely difficult and trying years even with normal prices. The complete collapse of wheat and other agricultural prices aggravated a desperate situation.

7. Urban Development

Railway branch lines radiate from the principal cities of Saskatchewan and these centres can scarcely be said to have any commercial or industrial existence independent of agriculture. Saskatoon may exercise a measure of commercial domination over northern Saskatchewan, including the cities of Prince Albert and North Battleford and such towns as Melfort, Humboldt, Biggar and Rosetown, while Regina occupies a similar position in southern Saskatchewan, but both Saskatoon and Regina have failed thus far to develop other important attributes of metropolitan centres such as mature financial organizations, so that the Province of Saskatchewan has provided a large part of the hinterland necessary to the growth of Winnipeg to metropolitan stature. The newness of the country and a consequent dependence on outside capital for the exploitation of natural resources together with the pronounced emphasis on agricultural development have conspired to prevent the emergence of a metropolitan centre in Saskatchewan. The cities serve for the most part as distributing centres

(71) Directors' and Auditor's Reports for the Year Ending January 31, 1935, pp.3-4.

(72) Ibid., 1936 (season of 1935) p.10 and Ibid., 1937 (season of 1936) p.11. The Directors estimated that the Association will be required to cancel arrears of taxes of approximately \$2,000,000 in the drought area under the provincial government debt adjustment programme. (p.6.)

for the agricultural community so that rail transportation and wholesale trade absorb the energies of a large part of their populations. The larger government institutions have been shared by the cities, with the Parliament Buildings at Regina, the provincial university at Saskatoon, the federal penitentiary and a provincial jail at Prince Albert, and mental hospitals at North Battleford and Weyburn.

1. Distribution

The wholesale business is concentrated in a few distributing centres of which Regina and Saskatoon are by far the most important, though wholesale services are extended from smaller distributing points such as Moose Jaw, Prince Albert, North Battleford, Swift Current, Weyburn and Yorkton. Improved highways and the wide use of the automobile have enabled the department stores of the cities to play an increasingly important part in retail distribution to the rural population. The same factors have facilitated an increased concentration of specialized professional and other services (73) in the larger centres.

In the towns, villages and hamlets which serve the rural areas, the country general store, or general merchandise store, is the most common retail unit. Country general stores had 40 per cent of all the trade in centres of less than 1,000 population in Saskatchewan in 1930 and 20 per cent of the total trade of the province as compared with 8 per cent of the total trade of Canada as a whole. (74) At the same time the average turnover of general stores in Saskatchewan was very much higher than in Eastern Canada or the Maritimes. (75) Such stores usually carry a wide variety of goods including groceries, clothing and dry goods, a certain amount of hardware, and, at times, even furniture and farm machinery. Of late years in Saskatchewan, as in the other Prairie Provinces, the importance of the general store as a vendor of groceries and food-stuffs has tended to decline with the spread of the chain grocery store. The better type of village or small town (76) with a population of from 250 to 800 and serving a well established agricultural territory is likely to maintain two or three general stores, a similar number of automotive and of farm implement establishments, one hardware, one blacksmith shop, one or two lumber yards,

(73) The number of branch banks in Saskatchewan in 1935 (290) was less than half the number for 1920 (591). Amalgamation, retrenchment and depression were factors in the reduction of the total number of branches in Canada from 4,676 in 1920 to 3,431 in 1935, but the movement was most apparent in the closing of country branches in Saskatchewan and Alberta.

(74) See *Census of Merchandising and Service Establishments: Retail Trade in Urban and Rural Areas, Canada, 1930*, (Ottawa, Dominion Bureau of Statistics, 1935) p.5. The cross-roads store is a comparatively rare sight in the established agricultural sections of Saskatchewan.

(75) *Ibid.*, p.26.

(76) It should be remembered that 65 of Saskatchewan's 80 "towns" have a population of less than 1,000 and only 2 have more than 2,000.

one or two Chinese restaurants, and, more rarely, one hotel. Not all of these businesses will be operated as separate establishments since frequently two or more are combined under one roof. The post office is often housed in one of the stores. There are not likely to be any apparel or furniture stores apart from the general stores. For instance, in 1930 apparel and furniture stores accounted for less than one per cent of all sales in places of less than 1,000 population while food and general stores accounted for 50 per cent; the building materials group, 17 per cent; the automotive group, 14 per cent; and all others including farm implement establishments, drug stores and government liquor stores, etc., made up 19 per cent of such sales. (77) Naturally the larger towns possess a more ambitious retail set-up and a wider variety of stores.

Many of the villages and towns have decreased in size and importance as distributing centres during the post-war period, largely as a result of the increased use of the automobile and the improvement of highways and roads enabling the farmer to transact his business at a larger centre, where he has the advantage of a much wider choice of goods and of lower prices, as well as opportunity to avail himself of professional and other services. The western village and hamlet has a more or less fluctuating population, although a sharp distinction is evidenced between the large number of moribund villages and the much smaller number of flourishing villages and towns with from 500 to 1,000 population, where a definite spirit of civic pride contributes vitality to the entire community. The latter have divided with the cities the gains from the weaker units made possible by improved rural transport and communication and may be expected to consolidate their gains since they occupy a strategic position, as compared with larger but more distant centres, for the distribution of many commodities and for the provision of necessary repairs and general servicing required by an agricultural community utilizing large scale machinery and mechanical power.

Wheat Marketing and Small Local Industries

In addition to serving as local distributing centres, the towns and villages provide such facilities as banking and insurance, certain professional services, and, above all, the machinery for handling and purchasing grain and other farm products. Practically the only industries carried on are those closely connected with the agricultural life of the community, flour and grist mills, creameries and cheese factories being the most numerous.

Nearly every town and village in Saskatchewan is dominated by the row of tall grain elevators beside the railroad track and one or more of these elevators are to be found at nearly every railway siding in the grain-growing area. While there were 458 towns and villages in the province in 1936, 3,234

(77) See *Retail Trade in Urban and Rural Areas, Canada, 1930*, p.14.

country elevators with a total storage capacity of 100,944,000 bushels were distributed among nearly 1,100 shipping points or stations. The Saskatchewan Co-operative Wheat Producers Limited (more commonly known as the 'Wheat Pool') owns and operates 1,085 or more than one-third of the country grain elevators and handles approximately 45 per cent of all the grain delivered. (78) Among the larger private elevator companies operating in the province were the Federal Grain Company, with 284 Saskatchewan elevators; the Searle Grain Company, 170; Western Grain Company, 168; Reliance Grain Company, 157; Pioneer Grain Company, 142. (79)

There were 45 small flour and grist mills in the province in 1929 with a total maximum daily capacity of 7,000 barrels but probably one-half were inactive. In 1935 there were approximately 55 small mills operating with a combined daily capacity of 7,860 barrels. (80) Most of the increased capacity was installed during the years 1931 and 1932 when farmers, owing to low wheat prices and to crop failures, were anxious to economize by buying flour that was cheaper than the standard brands of the larger mills, though in many cases greatly inferior in quality. "The past year," wrote an official of one of the large mills in 1936, "has not been such a profitable one for the small mills due . . . to the fact that the larger mills were more competitive in price. Furthermore there were many districts in the province where the small mill was unable to obtain sufficient supplies of wheat locally to keep operating." (81) In districts favoured by crops sporadic attempts have been made by small mills during the last ten years to stimulate the demand for cereals by the production of various kinds of breakfast foods such as rolled and cracked wheat and new combinations of cereals. On account of the smallness of the plants the supply has been limited and has been marketed in a restricted area.

The number of creameries in operation in the province decreased from a maximum of 82 in the years 1926-8 to 59 in 1935. Nearly all the creameries closed were located in the smaller towns and villages and were characterized by extremely high manufacturing costs. (82) Of those in operation in 1935, 24 were located in the cities and 35 in the smaller centres. Only two of the 59 can be classified as strictly co-operative, as the Saskatchewan Co-operative Creameries with 20 branches is a joint stock company operated by a receiver. Two other companies control a total of 14 plants while the remaining plants

(78) See *Annual Reports of Saskatchewan Co-Operative Wheat Producers Limited*.

(79) See *List of Grain Elevators in the Western and Eastern Divisions, License Year 1936-37*, (Ottawa, King's Printer, 1937) pp.45-125.

(80) Information by correspondence from W. P. Noble, Division Sales Manager, Quaker Oats Company, Saskatoon, June, 1935.

(81) *Ibid.*

(82) See G. E. Misener, *An Economic Survey of the Dairy Industry in Saskatchewan*, (Regina, 1930) mimeograph.

are operated by small privately owned companies. Reductions in overhead and operating costs were made possible by the closing of small plants and the rapid increase in production of creamery butter from an annual average of 13,312,000 lbs. for the years 1926-28 to a record figure of 22,854,000 lbs. in 1935. (83) Cheese production, though of less economic importance, shows a similar increase. In 1935 there were 14 small cheese factories in the province at least half of these being situated in French settlements; only one factory was located in a city.

TABLE XV
Principal Statistics of Leading Industries of the Province of
Saskatchewan, 1935*

Industries	Estab- lish- ments No.	Capital invested \$	Total em- ployees No.	Total salaries and wages \$	Cost of materials used \$	Gross value of production \$
1. Flour and feed mills	80	13,556,885	579	620,246	9,320,684	12,785,321
2. Butter and cheese	74	3,554,338	801	826,508	4,367,932	6,557,615
3. Slaughtering and meat packing	6	2,411,659	648	643,259	5,300,274	6,500,945
4. Petroleum	14	4,970,398	418	525,803	4,176,195	5,683,815
5. Central electric stations	125	25,576,944	552	785,384	—	4,377,205
6. Printing and publishing	126	2,521,132	825	1,080,606	417,008	2,302,508
7. Bread and other bakery products ..	148	2,019,627	540	427,882	862,340	1,680,547
8. Breweries	9	3,244,737	248	289,138	576,284	1,597,636
9. Sawmills	121	630,764	468	179,932	277,280	625,177
10. Dyeing, cleaning and laundry work	15	779,183	256	190,298	59,614	412,874
Total, ten leading industries	718	59,265,667	5,336	5,569,056	25,357,611	42,523,643
Total, all industries ..	880	66,271,171	6,355	6,524,411	28,046,921	46,821,302

NOTE: Statistics for "non-ferrous metal smelting and refining" which is also one of the leading industries of this Province, cannot be published since there are less than three establishments reporting.

* From tables of the leading industries of Canada and the provinces supplied by the General Manufactures Branch, Dominion Bureau of Statistics, Ottawa, November, 1937.

(83) See H. A. Innis, et al, *The Dairy Industry in Canada*, (Toronto, 1937) p.144, and on the development of creameries and cheese factories in Saskatchewan, pp 39-41, 53, 104 and 112-4.

2. Manufacturing.

Such secondary industries as are found in the larger centres are concerned chiefly with the processing of agricultural products, (flour mills, creameries, meat packing plants, etc.) or in manufacturing and assembling commodities used in an agricultural community (oil refineries, planing mills, small foundries, machine shops, etc.) Table XV shows the relative importance and total value of production of the leading industries of the province in 1935, together with the capital investment and number of persons employed in them. In the same year the value of industrial production in Alberta (\$73,282,600) exceeded that of Saskatchewan by more than 50 per cent, while Manitoba's industrial production (\$117,734,300) was two and a half times that of Saskatchewan.

TABLE XVI

Percentage Distribution of Gainfully Employed by Industry
Groups for the Prairie Provinces and Canada, 1931*

Industry Groups	Manitoba	Saskatchewan	Alberta	Canada
Agriculture	34.45	60.31	50.89	28.73
Forestry, Fishing and Trapping	1.73	0.71	0.95	2.48
Mining, Quarrying, Oil and Salt Wells	0.78	0.24	3.85	1.83
Manufacturing	9.76	2.71 [†]	4.84	16.08
Electric Light and Power	0.50	0.19	0.21	0.48
Construction	5.83	3.53	3.76	6.52
Transportation and Communication [†]	8.78	6.36	7.04	7.80
Trade	11.53	6.43	7.62	9.85
Finance	2.53	1.46	1.66	2.35
Service	19.65	15.53	16.67	19.52
Unspecified	4.39	2.67	2.47	4.31
Totals	100.00	100.00	100.00	100.00

* Seventh Census of Canada, 1931, Bulletin No. XXXI, Gainfully Employed Ten Years of age and over for Canada and the Provinces, (Ottawa, Dominion Bureau of Statistics, 1933) pp.8-9.

† Not including Postal Service.

TABLE XVII
Percentage of the Value of the Net Production of Each Province of
Canada by Industries to the Net Output, 1934 and 1935*

	Prince Edward Island		Nova Scotia		New Brunswick		Quebec		Ontario	
	1934	1935	1934	1935	1934	1935	1934	1935	1934	1935
Agriculture	72.60	69.67	18.59	19.18	20.22	20.68	19.51	18.23	19.50	19.93
Forestry	5.40	5.10	11.87	10.92	30.66	30.31	13.57	13.88	5.39	5.49
Fisheries	9.47	8.13	10.01	9.33	6.64	6.46	0.40	0.32	0.23	0.27
Trapping	0.02	0.02	0.35	0.50	0.25	0.13	0.11	0.17	0.16	0.15
Mining	—	—	18.36	16.88	3.36	4.03	4.56	5.55	12.06	12.40
Electric Power	2.36	2.16	5.44	5.15	5.25	4.94	8.18	7.87	4.48	4.16
Construction	1.59	6.03	9.43	11.51	7.04	9.54	4.11	5.41	6.31	4.82
Custom and Repair	1.55	1.52	2.27	2.28	2.58	2.45	2.19	2.14	2.75	2.79
Manufactures n.e.s.	7.01	7.37	23.68	24.25	24.00	21.46	47.37	46.43	49.12	49.99
Grand Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Total Manufactures† ...	12.58	12.32	37.07	36.82	47.57	45.10	66.47	64.85	62.95	62.76
							British Columbia- Yukon			
							1934	1935	1934	1935
Agriculture	42.78	34.21	73.42	79.09	66.97	62.85	14.72	13.89	26.51	26.01
Forestry	2.02	2.71	2.07	1.81	2.10	2.45	25.46	25.82	9.32	9.50
Fisheries	1.38	1.23	0.21	0.18	0.15	0.15	8.87	8.11	1.52	1.44
Trapping	1.01	0.94	1.20	0.79	0.70	0.69	1.46‡	1.39	0.39	0.37
Mining	6.45	8.83	2.19	2.10	9.03	10.79	15.16	15.69	9.36	9.96
Electric Power	5.94	6.50	3.24	2.65	2.70	2.95	6.21	6.00	5.48	5.22
Construction	3.40	4.96	4.05	2.03	3.30	3.56	3.46	4.13	5.17	5.05
Custom and Repair	5.00	5.13	4.12	3.39	2.65	2.93	3.38	3.26	2.80	2.78
Manufactures n.e.s.	32.02	35.49	9.50	7.96	12.40	13.63	21.28	21.71	39.45	39.67
Grand Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Total Manufactures† ...	45.60	46.22	15.18	12.45	16.94	18.64	48.18	46.07	54.75	53.96

* Survey of Production in Canada, 1935, (Ottawa, Dominion Bureau of Statistics, 1937) p.9.

† Percentage to grand total net production.

‡ Includes the trapping industry of the Northwest Territories.

The distribution of the gainfully employed by industry groups emphasizes both the significance of agriculture and the comparative unimportance of other occupations. Table XVI shows this percentage distribution for each of the three Prairie Provinces and for Canada. Agriculture engages a larger proportion of the population in Saskatchewan than in any other Province, while at the same time, the proportions engaged in manufacturing, mining and forestry were smaller (with the sole exception of New Brunswick in manufacturing and Prince Edward Island in mining), than in any other part of the Dominion.

There is, in Saskatchewan, no important source of income which does not derive, in the final analysis, from agriculture. The extent to which the province depends directly upon the basic industry and the relatively slight economic importance of manufacturing, mining and lumbering is illustrated by Table XVII. In 1935 agriculture accounted for 79.1 per cent of the value of all production in Saskatchewan as compared with 62.8 per cent in Alberta, 34.2 per cent in Manitoba and 26 per cent for the Dominion as a whole, while manufactures of Saskatchewan comprised a much larger proportion of processed agricultural products than in any other province.

PART VI

THE ECONOMY OF SASKATCHEWAN ON TRIAL, 1929-1937

1. Agricultural Income

The income of the Province of Saskatchewan as a whole depends fundamentally on the volume, price and to a less degree, the grade of its export staple, wheat, and is extremely variable. The variability in the gross income of the Saskatchewan farmer, described by Dr. Mackintosh for the period 1900-32, (1) has become even more pronounced in the period 1930-37.

"With very limited regional exceptions, the last eight years have been extremely difficult and discouraging to Saskatchewan agriculture. From 1924 to 1928, the annual value of the provincial wheat crop was 240 million dollars, but from 1929 to 1936 inclusive yields have averaged only 60 per cent of the preceding five-year period, and farm prices of wheat about 56 percent. Decline in revenues from the wheat crops have brought prolonged hardships. The 1929 wheat crop had about two-thirds of the value of that of 1928; the 1930 crop, two fifths; the small crop of 1931, one fifth; the fair crop of 1932, one-quarter; the crop of 1933, one-fifth; that of 1934, one quarter, that of 1935, about one-third; and the 1936 crop, rather more than one-third. (2)

The strains which result when income variability is associated with heavy overhead costs have become more pronounced as the variation has become more violent. (3)

The decline in agricultural income is shown in Table I which gives the estimated values of wheat, coarse grains and flax seed from 1905 to 1919 inclusive and of all products actually sold off the farms of Saskatchewan for each of the eighteen years from 1920 to 1937.

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- (1) W. A. Mackintosh, et al; *Economic Problems of the Prairie Provinces* (Toronto, 1935), p.26-8.
 - (2) Wm. Allen and E. C. Hope, *The Farm Outlook for Saskatchewan, 1937*, (Saskatoon, 1937) p.2.
 - (3) See particularly Mackintosh et al; *Economic Problems of the Prairie Provinces*; H. A. Innis and A. F. W. Plumptre, *The Canadian Economy and Its Problems* (Toronto, 1934); H. A. Innis, *Problems of Staple Production in Canada* (Toronto, 1933), and "Notes on Problems of Adjustment in Canada (*Journal of Political Economy*, XLIII, December, 1935, pp.800-807.) R. McQueen, "Economic Aspects of Federalism, A Prairie View" (*Canadian Journal of Economics and Political Science*, I, August, 1935); G. E. Britnell, "Saskatchewan, 1930-35," (*Ibid*, II, May, 1936, pp.143-166) and "Alberta, Economic and Political; The Elliott-Walker Report; A Review" (*Ibid*, II, November, 1936, pp.524-532); W. J. Waines "Federal Public Finance: Canada." (*Ibid*, III, May, 1937, pp.181-97.) and "Problems of Public Finance in the Prairie Provinces," (*Ibid* August, 1937, pp.355-69). See also *Reports on the Financial Position of the Provinces of Manitoba, Saskatchewan and Alberta, 1937*, (Ottawa, Bank of Canada, 1937); *Report of the Commission of Inquiry into Provincial and Municipal Taxation to the Government of the Province of Saskatchewan, 1936*, (Regina, King's Printer, 1936.)

This table gives a more exact representation of cash incomes than the usual estimates of the gross value of agricultural production which make no deductions for produce retained on the farm, seed, feed, etc., including, for instance, both the livestock and the feed consumed by the livestock. On the

TABLE I
Estimated Value of Agricultural Products Actually Sold Off
Farms in Saskatchewan, 1905-37*
(in thousands of dollars)

Year	Wheat	Coarse grains and flax seed	Live-stock	Dairy	Poultry	Wool	Total†
1905	\$ 12,019	\$ 1,032					
1906	13,385	2,072					
1907	19,022	3,421					
1908	21,533	3,894					
1909	42,708	8,626					
1910	38,576	10,251					
1911	42,948	15,337					
1912	47,151	25,172					
1913	67,291	22,284					
1914	66,823	10,552					
1915	192,691	25,344					
1916	149,492	36,818					
1917	189,201	31,716					
1918	169,075	18,689		\$5,700	\$2,600	\$406	
1919	167,647	28,816		6,800	2,600	580	
1920	170,128	24,157	\$10,963	7,200	2,900	400	\$215,748
1921	121,013	15,400	4,404	5,100	3,500	140	149,557
1922	172,718	19,829	7,427	5,400	3,200	231	208,805
1923	156,966	20,817	7,570	5,800	3,200	158	194,511
1924	149,376	24,134	10,972	7,407	3,147	154	195,190
1925	285,271	22,723	13,832	8,377	3,543	148	333,894
1926	220,781	19,046	13,349	8,146	3,527	147	264,996
1927	221,537	25,679	14,493	7,257	3,282	157	272,405
1928	217,927	28,035	15,947	7,826	3,593	238	273,566
1929	134,932	15,124	16,978	8,846	3,654	141	179,675
1930	72,293	7,411	11,407	7,212	3,400	80	101,803
1931	44,407	5,219	7,245	6,374	2,900	61	66,206
1932	56,889	3,625	4,641	4,972	2,000	52	72,179
1933	52,301	4,950	5,789	5,518	2,100	171	70,829
1934	57,950	6,384	8,586	5,980	2,400	106	81,406
1935	68,400	4,561	11,813	6,350	3,000	134	94,258
1936	81,000	11,170	14,322	6,886	3,600	167	117,145
1937‡	16,000	2,600	18,700	7,350	3,800	175	48,625

* Supplied by the Secretary of Statistics, Department of Agriculture, Regina, November, 1937.

† Data not available, 1905-1919 inclusive.

‡ Subject to revision.

other hand, it must be remembered that a large part of the livestock, dairy, poultry, and garden products are consumed by the farm family, thus forming a part of the farmer's real income, and to that extent rendering him independent of cash income. In Saskatchewan, however, the farmer is, and must be, primarily and preponderantly dependent on cash income. This cash income declined from nearly 334 million dollars in 1925 to 66 million dollars in 1931, and has shown little improvement since that time. If the eighteen years 1920-1937 are divided into two equal periods, 243.3 million dollars is seen to be the average annual return for the first nine years, and less than 92.5 millions for the second nine years. (4) Thus the average annual cash income of the second nine-year period was only 39.5 per cent of that of the first.

Revenues From Wheat

The analysis of agricultural revenue in Table I makes it clear that proceeds from the sale of wheat form the backbone of farm income. Table II shows the percentage distribution of total agricultural income from 1920 to 1937.

TABLE II

Proportional Distribution of Revenues Derived from Wheat and Other Farm Products in Saskatchewan, 1920-37

Year	Coarse grains		Live-stock	Dairy	Poultry
	Wheat %	and flax seed %			
1920	79.0	11.2	5.2	3.3	1.3
1921	80.9	10.3	3.0	3.4	2.4
1922	82.7	9.5	3.7	2.6	1.5
1923	80.7	10.7	4.0	3.0	1.6
1924	76.5	12.4	5.6	3.8	1.6
1925	85.4	6.8	4.2	2.5	1.1
1926	83.3	7.2	5.1	3.1	1.3
1927	81.3	9.4	5.4	2.7	1.2
1928	79.7	10.3	5.8	2.9	1.3
1929	75.1	8.4	9.5	4.9	2.1
1930	71.0	7.3	11.3	7.1	3.3
1931	67.1	7.9	11.0	9.6	4.4
1932	78.8	5.0	6.5	6.9	2.8
1933	73.8	7.0	8.4	7.8	3.0
1934	70.1	7.8	10.7	7.4	3.0
1935	72.6	4.9	12.6	6.7	3.2
1936	69.2	9.5	12.3	5.9	3.1
1937	32.9	5.8	38.4	15.1	7.8

- (4) No allowance has been made in the 1936 and 1937 values of livestock sales for forced liquidation of herds due to shortages of feed and fodder. Sales of this nature really represent capital disinvestment and should not be treated as "income". A conservative estimate of such sales in 1937 would be \$4,000,000.

Ordinarily fully 80 per cent of the cash receipts come from wheat, rather less than 10 per cent from other field crops (oats, barley, rye and flax seed), and approximately 10 per cent from the sale of livestock, dairy and poultry products. (5) During the depression agriculture has continued to remain dependent on wheat for the bulk of its revenues, but the relative importance of animal products has more than doubled, despite the disappointing prices which have prevailed. This increased relative importance can be explained chiefly as the result of the abnormally small wheat crops, but also of the stimulus that low prices of oats and barley have given to the use of these grains in the feeding of livestock on the more diversified farms of the park belt, thus bringing about a considerable increase in the physical volume of livestock, dairy and poultry products available for sale. (6) Such changes are evidence of the attempt to meet the decline in wheat prices by reorganization; but the technical conditions of western agriculture, and the decline in the prices of such alternative products as are technically practicable, make possible only slight mitigation.

The decline in the returns from wheat since 1929 has been a joint product of reduced volume and lower prices. The average yearly production of wheat for the nine years 1920 to 1928 was 220.5 million bushels, that for 1929 to 1937 was 138.6 million bushels—a reduction of more than one-third. At the same time it should be noted that the superior quality of the 1929-37 wheat crops (with the single exception of the 1935 crop) as compared with the 1920-28 crops would normally have brought premiums which would have partially offset the reduced yields, however unequally this compensation might have been distributed over the province. Hence the collapse of prices which came in 1930 was a most important factor in reducing the agricultural revenues of the province. The unequal incidence of crop failure has made for great inequality of cash returns within the province, with complete destitution in the drought areas. Table III showing the estimated average farm prices of wheat (7) and other farm products, indicates the drastic nature of the price movement. The wheat crop of 1932 was the largest since 1928 and graded higher than any crop in the last twenty years but it was sold for an average price of 35 cents a bushel, whereas the extremely low grade crop of 1928 brought 77 cents a bushel. Prices of all coarse grains and flax seed fell even faster and further, proportionately, than wheat. Prices of livestock, dairy, and other animal products while not, on the whole, showing the same precipitate decline as cereals, reached

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- (5) On the prairie plains wheat commonly accounts for 90 per cent of all cash receipts.
 - (6) Two other items which are supplying increasing, although as yet relatively very small, proportions of the farm income are the wool-clip—which has shown a marked increase in volume as certain sections, particularly the south-west, have expanded their sheep production—and honey, the production of which also increased substantially between 1928 and 1937.
 - (7) The farm price of wheat excludes certain fixed charges of about 20 cents a bushel for freight, elevator handling charges, inspection and grading fees, commissions, etc.

TABLE III

Estimated Average Farm Prices in Saskatchewan, 1920-37*

Year	Wheat	Oats	Barley	Rye	Flax	Cattle per head
	\$	\$	\$	\$	\$	\$
1920	1.55	.41	.66	1.26	1.82	59.00
1921 .....	.76	.24	.36	.67	1.38	33.00
1922 .....	.85	.29	.38	.53	1.71	28.00
1923 .....	.65	.25	.35	.45	1.75	26.00
1924	1.21	.43	.63	.95	1.95	28.00
1925	1.25	.35	.47	.72	1.84	31.00
1926	1.08	.42	.45	.74	1.60	32.00
1927 .....	.97	.44	.61	.79	1.52	42.00
1928 .....	.77	.38	.48	.74	1.56	53.00
1929	1.03	.50	.51	.82	2.37	52.00
1930 .....	.47	.15	.12	.17	.89	41.00
1931 .....	.38	.18	.21	.23	.77	29.00
1932 .....	.35	.13	.19	.24	.60	20.00
1933 .....	.47	.19	.24	.33	1.19	19.00
1934 .....	.61	.27	.47	.46	1.13	18.00
1935 .....	.60	.17	.24	.25	1.18	22.00
1936 .....	.88	.31	.55	.52	1.40	18.00
1937†	1.07	.35	.45	.67	1.50	20.00

Year	Sheep per head	Swine per head	Cream‡ per lb. butterfat	Dairy butter per lb.	Eggs per doz.	Wool unwashed per lb.
	\$	\$	c	c	c	c
1920	8.00	20.00		25		19
1921	6.00	14.00		25.4		12
1922	7.00	13.00		25		16
1923	6.00	10.00		25		18
1924	9.00	11.00		25		23
1925	9.00	16.00	33	26		21
1926	9.00	17.00	32.8	25		19
1927	9.00	13.00	34	26	30	19
1928	10.00	14.00	35.7	26	29	22
1929	9.00	16.00	35.4	26	28	19
1930	6.00	16.00	26	20	19	9
1931	4.00	5.00	20.1	15	10	5
1932	3.00	3.50	14.1	12	8.5	4
1933	3.46	5.00	15.6	12.5	7	10
1934	3.30	8.00	17.1	13.5	10.5	7
1935	4.14	8.50	16.8	14	12.5	9
1936	4.20	8.60	18.6	15.5	13.5	11
1937†	4.30	8.65	21.7	17	17	

* Supplied by the secretary of statistics, Department of Agriculture, Regina.

† To November 10; subject to revision.

‡ The prices for 1935, 1936 and 1937 are net to producers. In former years the majority of creameries purchased cream on a "delivered at factory" basis.

similar low levels by 1932, and the measure of recovery shown in agricultural prices in general since that date has been rather less evident in their case.

Absence of Reserves

While revenues from the sale of farm products do not constitute the entire farm income, receipts from other sources frequently represent merely cross payments within the agricultural community. Thus individual farmers who own power equipment may do contract work for their neighbours in the form of field work, threshing and combining cereal crops, and trucking grain or livestock. Breeding and pasture fees are in the same class. Road work is a small item except in relief areas, but if paid out of taxes raised in the province is another "transfer" of income. Few Saskatchewan farmers have incomes from investments, or from outside sources. Any surplus which may accrue during good years is likely to be absorbed in improvements to buildings, equipment and stock, in increasing the size of the farm unit, or in raising the standard of living. (8) Life insurance policies probably constitute the most important outside resource, yet in surveys made between 1930 and 1934 in representative districts of the province, and covering some 2,000 farms, only 46.5 per cent of the farm operators reported policies (9) while in an economic survey embracing 839 farms in seven rural municipalities of south-western Saskatchewan in 1935 only 21.6 per cent of the operators had policies and 68.8 per cent of all policies contracted had been discontinued, generally because of inability to meet premiums. (10) No definite figures are available for the entire province, but it seems likely that considerably less than half the farm operators carry any life insurance; policies tend to be relatively small and the investment or estate features are less significant than for many other groups in the community. Thus there has been little in the way of alternative production, cash reserves, outside investments or independent income to cushion the shock to the wheat economy which came with drought and the catastrophic fall in the price of the export staple.

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- (8) Farmers in well-established districts on the better soil types of the province sometimes have outside resources. In 1933 in the Balcarres-Indian Head district it was found that "many farmers had moderate resources not associated with their farms. These reserves included such items as life insurance; farm property, other than operated; city real estate; and stocks, bonds and shares in various undertakings or organizations (private or co-operative.)" (*Studies of farm Indebtedness and Financial Progress of Saskatchewan Farmers: Report No. 3; Surveys made at Indian Head and Balcarres; Grenfell and Wolseley, and Neudorf and Lemberg*, contributed by Department of Farm Management, University of Saskatchewan, Saskatoon, College of Agriculture, Bulletin No. 68, 1935, p.29).
- (9) From materials of surveys made by the Department of Farm Management, University of Saskatchewan at Kindersley; Turtleford; Davidson; Richmond; Golden Prairie and Burstall; Maple Creek and Hatton; Rosemount and Reford; Scott, Wellington, and Broken-shell; Indian Head and Balcarres, Grenfell and Wolseley, Neudorf and Lemberg; and Humboldt.
- (10) See W. J. Hansen, "Some Facts Concerning Life Insurance in Southwestern Saskatchewan" (*Economic Annalist*, Vol. VI, Feb. 1936, pp.6-10). See also W. J. Hansen and J. Proskie "Life Insurance Carried by Farmers in the Lomond and Vulcan Districts, Alberta," (*Ibid.*, VI, October, 1936, pp.76-9).

2. Net Farm Income

"A farmer is kept solvent not by his gross income but by his net income." Dr. Mackintosh was concerned to show what deductions from gross income should be made before determining the income available to pay interest charges and to provide a return to the farmer on his own capital investment. Estimates were therefore made of the amount and variability of "net cash income per acre of wheat" in each of the nine crop-reporting districts of Saskatchewan for the period 1921-29. (11) Since 1929 a paraphrase might be adopted: "A farmer is kept off relief not by his gross income, but by his net income." Over a large part of Saskatchewan drought has brought repeated crop failures so that gross incomes have been insufficient to meet cash operating expenses, even when the utmost economy has been exercised and when all postponable repairs and replacements have been ignored. In these areas only the continuous provision of agricultural assistance (seed, feed, tractor fuel, repairs, binder-twine, etc.) and direct relief (food, clothing fuel, etc.) by governments has prevented complete agricultural collapse and even widespread starvation. In some areas gross income has been sufficient to make relief unnecessary but the farmer has been forced to accept a standard of living far below that of 1928, taxes and debt charges have not been paid, and the farm investment has not been maintained. In a much smaller area, favoured by consistently good crops, taxes could be met, and in some cases even debt charges, but it must be emphasized that the decision whether to use income to maintain a decent standard of living and to make good depreciation or to pay taxes and debts has depended on the psychology of the farmers, the pressure exerted by creditors, and the exigencies of given situations.

Determination of the minimum expenses of growing wheat in Saskatchewan at any given time involves almost insuperable difficulties. Dr. Mackintosh, basing his estimate on the bulletins of the Farm Management Department of the University of Saskatchewan, suggested "that for the period 1921-30 the cash cost of wheat growing in Saskatchewan for average yield of 16.7 bushels was not far from \$9.81 per acre." (12) The cost of living for the farm family is included in this estimate. In 1933 Dr. William Allen, after intensive surveys in many areas, estimated that \$6.80 per acre was necessary to clear minimum expenses without interest on debt. (13) The reduction in this figure is in part

(11) Mackintosh et al, *Economic Problems of the Prairie Provinces*, pp.28-32. "Net cash income" is defined for his purposes as follows: "By multiplying the average wheat yield per acre in each district by the average farm price received, the average gross income per acre of wheat may be obtained. By deducting from these calculated gross income figures the operating expense figure (adjusted for differences in yield) . . . average net income figures for each crop reporting district are obtained. This calculated net income includes the amount available for the payment of interest on indebtedness, interest on owned capital and profits for the farm enterprise . . . It is the fund which must carry the fixed charges of both the individual enterprise and the agricultural community at large." (pp.30-1).

(12) *Ibid.*, p.30.

(13) Quoted in Innis and Plumptre, *The Canadian Economy and Its Problems*, p.101.

a result of the fall in the prices of some of the things farmers buy, but mainly of a drastic reduction in the already low standard of living of the farmer. The application of these estimates to specific situations presents difficulties, some of which must be noted. Probably half the operating expenses (namely outlays for binder-twine and threshing) vary, though not directly, with the yield, but at the same time operating expenses are perhaps the most rigid element in the structure since they must be met if production is to continue. All capital expenditures may be overlooked for one year, perhaps even for two, but if a minimum provision is not made for them they will soon appear in the form of sharply increased operating expenses for repairs. Living standards have shown much greater flexibility.

Cash Returns and Cash Expenses of Wheat Growing, 1930-37

While fully recognizing the limitations of all such estimates of minimum operating expenses, there does seem to be some value in comparing the actual cash returns per acre with the best estimates of expenses available. According to Dr. Allen's estimate, on the basis of 16.5 bushels of wheat per acre, the minimum necessary for a farmer in order to carry on without outside assistance would be about \$5.30 per acre of wheat, and to pay taxes about \$6.80 per acre. Allowing for the fact that the provincial average for the years 1930 to 1937 was 9.4 bushels per acre, that Saskatchewan farms are larger than the average for the Prairie Provinces, and that all capital replacements may be ignored for a year or two, a farmer might manage to live without outside assistance on average gross receipts of about \$4.50 per acre; to pay taxes as well would require \$5.50 per acre; and to meet debt interest, at least \$7.00. These returns would not, of course, begin to maintain farm equipment. With these figures in mind, one may turn to Table IV showing the gross average

TABLE IV
Cash Returns Per Acre of Wheat in Crop-Reporting Districts
of Saskatchewan, 1930-37*

Districts	1930	1931	1932	1933	1934	1935	1936	1937
	\$	\$	\$	\$	\$	\$	\$	\$
South-eastern	5.83	1.29	3.63	3.29	2.01	1.40	3.96	2.31
Regina Weyburn	4.56	.11	3.32	5.13	2.01	2.95	7.39	Nil
South-central	3.25	.61	2.37	1.18	1.28	5.98	2.82	Nil
South-western	5.74	1.60	4.96	1.32	1.60	4.20	Nil	Nil
Central	4.28	2.66	3.53	1.93	3.98	7.38	7.93	Nil
West-central	8.65	4.52	5.39	1.23	4.33	5.00	3.34	Nil
East-central	6.82	3.57	5.49	10.30	10.12	4.10	14.26	6.93
North-eastern	10.62	7.79	7.11	7.10	9.27	9.32	11.35	8.91
North-western	13.07	7.28	6.65	5.07	10.12	7.98	5.81	4.73

* Based on crop yields and farm prices as supplied by the secretary of statistics, Department of Agriculture, Regina.

Note: Italics indicate districts in which considerable government assistance was necessary.

TABLE V

Index Numbers of Prices Received by Western Canadian
Farmers for No. 1 Northern Wheat and of Prices Paid
for 147 Items of Things Farmers Buy*

Crop year ending July 31	Index No. of price received by farmers for wheat	Index No. 147 items things farmers buy	Index No. of farmers purchasing power
1914 -----	100	100	100
1915 -----	164	99	166
1916 -----	136	109	125
1917 -----	272	125	218
1918 -----	295	156	189
1919 -----	300	177	169
1920 -----	357	196	182
1921 -----	263	195	135
1922 -----	160	171	94
1923 -----	132	164	80
1924 -----	123	163	75
1925 -----	218	157	139
1926 -----	192	157	122
1927 -----	185	158	117
1928 -----	185	159	116
1929 -----	152	162	94
1930 -----	154	155	99
1931 -----	67	138	49
1932 -----	60	130	46
1933 -----	52	124	42
1934 -----	73	124	59
1935 -----	93	126	74
1936 -----	97	127	76
1937 -----	153	134	114

* Courtesy Searle Grain Company, Limited, Winnipeg.

Note: Wheat basis No. 1 Northern Street at country elevator—average western point (24 cents per 100 lb. freight rate). The 147 items bought by farmers include groceries, clothing, machinery, repairs, farm supplies, household equipment and municipal taxes. The index number is weighted.

returns per acre of wheat for each of the nine crop-reporting districts, after 1.5 bushels per acre have been deducted from the gross yields for seed requirements. Wherever the gross income is so low that net income is probably a minus quantity, the figures have been italicized. No account was taken of

sectional variations in grade, except in 1935, (14) but in view of the uniformly high quality of wheat over the rest of the period the margin of error resulting from basing calculations on the average grade for the province cannot be large. Over the greater part of the province, as the italics indicate, some government assistance has been necessary to eke out gross incomes in every year since 1931. Decreased yields and depressed prices have prevented farmers in each of the six crop districts of the prairie plains, which account for three-quarters of the wheat acreage of the province, from securing sufficient revenue to cover operating and living expenses and to pay taxes. At the same time despite high average yields in east-central, north-eastern and north-western crop districts making up the park belt area, the values of the wheat crops were insufficient to meet these charges plus interest in many of these years.

Operating and living expenses are affected by the fall of commodity prices. But the prices of commodities which the farmer must purchase declined much less rapidly than wheat prices and the incomes based on them. How little the problem of the farmer has been mitigated by such a fall in other prices is shown by Table V which gives the relationship between the price of No. 1 Northern wheat and the prices of the more important things which a farmer on a half section of land with a family of five would find it necessary to buy in the course of a year. The price of wheat fell more than twice as far as the prices of the things he must buy.

Any cash reserves possessed by the average farmer were exhausted long before he could make adjustments to 40 cent wheat. Moreover, agricultural credit through the ordinary channels has been restricted since the beginning of the depression so that the differences between minimum expenses and market prices have been made up in many ways including: living out of capital (by allowing buildings, equipment and supplies to run down;) borrowings on life insurance policies; the accumulation of numerous small debts for goods and services in local centres; increased tax arrears; the abandonment of protection in the form of life, fire and hail insurance; and, finally, over wide areas, by government assistance on a large scale.

3. Rural Relief

In devising ways and means of providing government assistance to Saskatchewan farmers over the last eight or nine years empirical methods were of necessity adopted occasioning frequent revision and readjustment. In 1929 and again in 1930 a large area in the central and south-central sections of the province, containing an agricultural population of approximately 150,000 suffered severely from drought. Responsibility for the provision of direct relief (food, clothing, fuel, etc.,) and agricultural aid (seed, feed and fodder, tractor fuel, binder-twine, repairs to implements etc.,) was shared by the municipal authori-

(14) Sectional rust and frost damage seriously affecting grades made it necessary to calculate the 1935 returns per acre separately for each of the nine crop districts on the basis of grade and price variations.

ties and the provincial government from the autumn of 1929 to the late summer of 1931. The provincial Department of Highways began in 1929 to allocate moneys to be expended on road work carried out as a relief undertaking, employment being restricted to farmers who had suffered partial or complete crop failure. The provincial government with the assistance of grants-in-aid from the federal government spent about \$4,000,000 on this type of relief road work and on colonization and secondary highways in the pioneer and unorganized districts of the north during the years 1929, 1930 and 1931. (15) The provincial government also provided assistance in other forms such as free transportation of feed, fodder and other requirement into the relief area. However, the greater part of the burden fell on the municipalities, who financed the advances to farmers through the banks on the strength of provincial government guarantees, (16) and the bank indebtedness of the municipalities increased rapidly during this period. (17)

When in 1931 drought devastated a much larger area than in either 1929 or 1930 and wheat prices continued to fall, the problem became one of such magnitude that neither the municipalities nor the province were able to cope with it without federal support on a large scale. The Saskatchewan Relief Commission, a centralized government organization, consisting of a Board of five members, an advisory Committee of twelve and a general manager, was established at the beginning of August, 1931, by an order-in-council of the provincial government, subsequently ratified by special legislation. (18) The dried-out area was zoned by the Commission according to the number of crop failures experienced. The worst area embracing 93 rural municipalities and local improvement districts (each comprising a sub-division at least 18 miles square) which had experienced three successive crop failures, was classified as the "A" area and took the shape of a great triangle with its base on the international boundary and its apex just south of the city of Saskatoon, the eastern end of the base reaching almost to the Manitoba border and the western end almost to the Alberta border. Lateral to this central triangle was a slightly smaller area consisting of 76 municipal units which had experienced two crop failures and classified as the "B" area. An outer fringe of 69 municipal units known as the "C" area had lost one crop. The whole of the province south of a line drawn through Saskatoon was included in these areas, while in addition

(15) This sum does not include all highway expenditures during these years as much larger amounts were spent on the gravelling of provincial highways.

(16) See *Statutes of Saskatchewan* 21 Geo. V. (1931) c.62. The provincial government also guaranteed advances up to \$150. per quarter section made by mortgagees for seed grain (21 Geo. V., c.61).

(17) See the study of Municipal Finance contributed by W. W. Swanson to *The Economic Problems of the Prairie Provinces*, chapters VII-XI, in which the effects of the drought, 1929-31, are discussed. See also *Annual Reports of the Department of Municipal Affairs, Saskatchewan, 1929-30, 1930-31, 1931-32.* (Regina, King's Printer).

(18) *Statutes of Saskatchewan*, 22 Geo. V. (1932) c.74.

a relief problem had arisen in some 90 rural municipalities and local improvement districts in the northern sections of the province to which farm families had migrated from the dried-out areas carrying with them some farm and household equipment but possessing no means of support. Thus only a very small part of the province was free from relief problems.

The Dominion contributed to the province towards the relief expenditures of the Commission as follows: (1) 100 per cent of direct relief, feed and fodder costs, and grazing dues in the "A" area; (2) 100 per cent of direct relief costs for those moved from the "A" area to other parts of the province; (3) 50 per cent of direct relief costs in "B" area; (4) 50 per cent of expenditures for movement of settlers' effects and livestock from "A" and "B" areas at a reduced rate arranged with the railways; (5) 50 per cent of freight charges on shipments of food supplies and other commodities sent to the "A" area by churches and other organizations in Canada for distribution by the Commission; (6) an expenditure of \$84,886 for medical relief in the "A" and "B" area. The provincial government and the municipalities were financially responsible for all other relief expenditures by the Commission, including the provision of seed, seeding expenses, binder-twine and harvesting repairs for the 1932 crop. The municipalities were in the main unable to contribute though they entered into agreements to reimburse the Commission for one-third of the cost of relief distributed to their respective ratepayers. With nearly 50 per cent of the total rural population in receipt of government assistance in some form, the expenditures of the Relief Commission in its first year of operation amounted to \$18,740,672 (see Table VI) of which \$9,870,916 was chargeable to the Dominion and \$8,869,756 to the province and the municipalities. (19).

The Voluntary Rural Relief Committee

Governments were not left to bear the burden of relief unaided. Churches, welfare organizations and individuals both inside and outside the province played an important part in the alleviation of distress through the distribution of hundreds of carloads of fruit and vegetables, clothing, fuel and other necessities, collected from every province in the Dominion. In 1931 when distribution was handled through the Commission assisted by local voluntary committees, 249 carloads, consisting largely of vegetables, fruit and clothing, were received for distribution. (20) In 1932 the voluntary agencies decided to pool their efforts and organized the Saskatchewan Voluntary Rural Relief Committee to work in

(19) The \$5,669,000 received by Saskatchewan farmers under the 5 cents a bushel bonus paid by the Dominion Government on the 1931 crop (*Statutes of Canada*, 21-22 Geo. V., c.60) might also be looked upon as a contribution to agricultural relief though it helped most those farmers who needed it least.

(20) Of the 249 carloads, the United Church donated 135; the Roman Catholic Church, 62; the Presbyterian Church, 10; the Lutheran, 8; the Moravian Church, 3; while other organizations and individuals contributed the remaining 31.

co-operation with the Commission. The demands to be met were much lighter than in the previous year, but the Committee collected and distributed 50 carloads of vegetables, fruit and clothing and 3 carloads of feed and fodder, together with 64 carloads of coal donated by the mine operators of the province for distribution among the needy schools of the relief area. Widespread distress followed the short crop of 1933 so that during the winter of 1933-4 the Voluntary Relief Committee distributed 279 carloads of vegetables, fruit and clothing, 6 carloads of flour and feed grain, and 60 carloads of coal for schools. Faced by an even worse situation in the winter of 1934-35 the activities of the Committee were extended; 320 carloads of vegetables and fruit were distributed, 100 cars of coal for schools and upwards of 60 tons of clothing. Following further crop failures over wide areas in 1935, 1936 and 1937, the Committee, the Red Cross and other private relief agencies redoubled their efforts to provide vegetables, fruit, blankets and clothing in repeatedly afflicted areas. (21)

The Basis of Government Assistance

Advances made by the Relief Commission in 1931 and subsequent years were (with the possible exception of medical assistance) in form at least, loans. A straight promissory note was taken for direct relief advances but a lien, acting as a legal first charge on the crops of the individual in the year of the advance and the succeeding year was taken as security for seed, feed and fodder, tractor fuel, binder-twine and repairs. (22)

It had been confidently expected at the inception of the Commission that one year's operations would take care of the situation, but although a fair crop was harvested over most of the province in 1932, prices continued to fall and it was necessary to carry on, with the assistance of municipal councils in field administration, a reduced programme through the following year. The total cost for 1932-3 was \$3,287,665, to which the Dominion Government contributed \$713,405, while the province assumed responsibility for the balance, (including nearly \$500,000 representing the share of the Commission's disbursements chargeable to the rural municipalities) amounting to \$2,574,260.

The early promise of 1933 with respect to both crop yields and prices was not fulfilled. A considerable section of the drought area was north and west of that which had been so severely hit in 1930 and 1931 and had experienced at least fair crops for several years. The amount of government relief in this section should have been small, but four years of disastrous prices had ex-

(21) For the relief season 1937-8 the Committee had collected and distributed to November 2, 1937, 745 carloads of vegetables, fruit, canned goods, clothing, etc.

(22) Relief notes of 1931-32 to the amount of \$12,506,723 were cancelled by the Dominion and provincial governments in 1935. Cash repayments for relief advances 1931 to 1934 amounted to approximately \$2,000,000.

hausted reserves so that one partial crop failure meant complete destitution. The winter of 1933-34 found nearly one-third of the entire agricultural population of the province receiving government assistance and the Commission's bill for the year's operations amounted to \$13,506,492. The Dominion contribution was \$2,064,482 and the total provincial advance, (including \$2,431,371 chargeable to the rural municipalities,) \$11,442,010.

TABLE VI
Government Expenditures on Rural Relief in Saskatchewan From
September 1, 1931, to August 31, 1937*

	1931-2	1932-3	1933-4	1934-5	1935-6	1936-7
Direct Relief:						
Food	\$ 2,797,919	\$ 999,235	\$ 2,935,014	\$ 3,603,538	\$2,039,753	\$ 4,914,799
Fuel	1,538,239	695,384	1,248,623	1,521,718	1,054,421	1,630,090
Clothing	978,133	306,122	754,721	855,491	553,692	1,130,780
Medical Aid	91,053	20,264	124,471	192,972	264,537	358,471
Coal for Schools		11,431	38,409		34,060	90,820
Sundry†	22,472	2,217	361,062	1,010,664	755,152	964,470
Total Direct Relief	5,427,816	2,034,653	5,462,300	7,184,383	4,701,615	9,089,430
Agricultural Aid:						
Seed and Seeding Operations‡	5,318,271	735,152	3,734,802	6,565,748	3,346,747	4,092,428
Feed and Fodder	5,094,716	519,860	2,984,970	5,917,598	159,004	5,118,554
Freight on Feed and Fodder	1,682,393		837,058	1,363,786	122,743	492,193
Freight, Miscellaneous§	302,175		36,650	163,780		64,911
Grazing Fees	117,273			19,313		3,270
Binder-Twine|| .....	798,028			32,177	171,589	
Grasshopper Bait			450,712	50,725	5,223	46,000
Total Agricultural Aid	13,312,856	1,255,012	8,044,192	14,113,127	3,805,306	9,817,356
TOTAL RELIEF	18,740,672	3,289,665	13,506,492	21,297,510	8,506,921	18,906,786

* Information on all expenditures of the Saskatchewan Relief Commission from September 1, 1931 to August 31, 1934, from the Deputy Provincial Treasurer, Regina. Information on expenditures from September 1, 1934 to August 31, 1937: Direct relief (exclusive of medical aid and coal for schools) from Bureau of Labour and Public Welfare, Department of Municipal Affairs, Regina; on medical aid and coal for schools from the provincial treasurer, Regina; on agricultural aid from Deputy Minister of Agriculture, Regina.

† Includes: in 1931-2 and 1932-3, chiefly shelter; in 1933-4, direct relief for month of August, 1934; in 1934-5, 1935-6 and 1936-7, all direct relief in the form of food, clothing and fuel in Northern relief area (and, for 1934-5, in 20 local improvement districts in the South-west).

‡ Includes seed, tractor fuel, machinery repairs, formaldehyde, gopher poison, etc.

§ Includes freight on settlers' effects, livestock, haying outfits, etc., and, in 1936-7, \$20,327 for processing livestock.

|| Includes harvesting repairs in 1934-5 and 1935-6.

Re-Organization of Relief Administration

Following a change of government in the province in the summer of 1934, the Relief Commission was replaced by a less highly centralized system and relief assistance was divided into two separate categories, direct relief and agricultural re-establishment. The Bureau of Labour and Public Welfare in the Department of Municipal Affairs was charged with supervision of direct relief, the Department of Agriculture with agricultural re-establishment, and the municipalities were called upon to play a much more active part in the administration of each type of assistance. The principle of treating all relief advances as loans was continued, security being taken by the municipalities in the form of demand promissory notes bearing interest at 5 per cent and liens creating legal charges against the crops and lands of the recipient. (23)

The cumulative effects of continued adverse climatic conditions and low prices brought an increase in the rural relief bill for 1934-35 above even that for 1931-2. Direct relief provided in approximately 200 municipalities and local improvement districts in the drought area cost \$6,500,000, while similar assistance in the northern relief area cost \$690,083. Expenditures on agricultural aid or re-establishment were in excess of \$14,000,000. Of these costs the Dominion Government assumed responsibility for advances amounting to \$9,000,000 under the provisions of the Relief Acts of 1934 and 1935 (24) the balance of more than \$12,000,000 being chargeable to the province and the rural municipalities. (25)

In 1935 the drought was definitely broken except for a strip about fifty miles wide extending north some 200 miles along the Alberta border, but in the south-east rust destroyed the wheat crop over an area nearly three times as large, so that it was necessary to provide direct relief over a territory slightly larger than in 1934-35. Government assistance was given in some 225 rural municipalities and local improvement districts, the municipalities ac-

(23) See *Statutes of Saskatchewan*, 25 Geo. V. (1934-35), c.33; c.34; c.37; 1 Edw. VIII (1936) c.44; c.48; 1 Geo. VI (1937) c.33; c.36. The province also continued to guarantee advances made by mortgagees for agricultural aid up to \$150 (in 1937 up to \$200) per quarter section, (25 Geo. V. c.61; 1 Edw. VIII, c.83; 1 Geo. VI, c.63). Under the Saskatchewan Voluntary Debt Adjustment programme of September, 1936, all government advances for direct relief received prior to September 1, 1935, and agricultural aid received prior to April 1, 1935, amounting to approximately \$31,000,000 were cancelled.

(24) See *Report of the Dominion Commissioner of Unemployment Relief*, March 31, 1936, (Ottawa, King's Printer, 1936) pp.4-5, and *Budget Speech delivered by the Hon. W. J. Patterson in the Legislative Assembly of Saskatchewan*, March 23, 1937, p.10.

(25) This amount should be reduced by some portion of the \$2,400,000 paid by the Dominion Government in the form of "grants-in-aid" for urban and rural relief purposes during the relief year 1934-35.

(26) Information by interview and correspondence, H. Hereford, Dominion Commissioner of Unemployment Relief, Ottawa, and N. C. Allen, Chief Treasury Officer, Departments of Labour and Agriculture, Ottawa.

cepting responsibility for one-third of the cost in each case, although a large number were unable to make any contribution to immediate expenditures. With good gardens and feed for livestock over most of the southern relief area expenditures of slightly less than \$8,000,000 divided almost evenly between direct relief and agricultural aid (largely seed-wheat) were lower than the previous year. In the northern relief area the cost of direct relief during the relief year 1935-36 rose to \$793,028. The Dominion Government made no direct contribution to rural relief expenditures in this year (26) the total burden of rural relief amounting to more than \$8,500,000 being borne by the province and the rural municipalities. (27)

In 1936 the recurrence of severe drought, affecting the greater part of the province and forcing one-third of the rural population on relief again, was recognized as a national emergency, and the Dominion Government agreed to meet 100 per cent of the costs of direct relief and winter maintenance for livestock from September 1, 1936, to March 31, 1937, in the federally defined drought area of 149 rural municipalities and local improvement districts, no repayment by recipients being required. Provincial advances for seed, feed, tractor fuel and implement repairs for seeding operations in the spring of 1937, creating the usual charges against the crops and lands of recipients, were in the neighborhood of \$6,500,000. The Federal agreement with respect to direct relief in the drought area was continued and the complete failure of crops and pastures over most of the province in the summer of 1937 necessitated emergency grants to save livestock, and additional expenditures for direct relief as distress increased. The total cost for the relief year ending August 31, 1937, was in excess of \$8,000,000 for direct relief in the drought area and nearly \$10,000,000 for agricultural aid, with government assistance in the northern relief area amounting to a further sum of \$1,030,976 for the 1936-37 relief year. The Dominion Government contributed \$5,572,935 toward direct relief and \$2,612,779 toward agricultural aid in the drought area (28) leaving a balance of approximately \$10,000,000 to be carried by the province and the rural municipalities. (29)

Practically all the money to finance the \$85,000,000 of rural relief expenditures (30) in the six years, 1931-37 came from the Federal Treasury, since the revenues of the province shrank rapidly with the collapse of wheat prices

(27) This amount should be reduced by some portion of the \$3,428,000 paid by the Dominion Government in the form of "grants-in-aid" for urban and rural relief purposes during the relief year 1935-36.

(28) Ibid. Information by interview and correspondence, H. Hereford, Dominion Commissioner of Unemployment Relief, Ottawa, and N. C. Allen, Chief Treasury Officer, Departments of Labour and Agriculture, Ottawa.

(29) This amount should be reduced by some portion of the \$3,024,250 paid by the Dominion in the form of "grants-in-aid" for urban and rural relief purposes during the relief year 1936-37.

(30) In addition to this sum the province guaranteed advances made by mortgagees for seeding supplies, etc., amounting to approximately \$2,000,000 (net) and has assumed direct liability for provincially guaranteed municipal bank loans made for similar purposes amounting to \$5,250,000.

and soon proved inadequate to meet even the ordinary expenditures of government, despite the drastic curtailment of educational grants and social services. The relief of unemployment in urban centres added to the strain on provincial finances and further outside borrowing became almost impossible as deficits accumulated and the public debt nearly trebled. Total relief expenditures by the province since September 1, 1929, amounting to \$110,602,638 at April 30, 1937, exceeded the total ordinary revenues of the province for the same period. Of this sum cash advances made by the Dominion Government under relief legislation over the same period totalled \$93,546,558, of which approximately \$35,700,000 was by way of contribution and \$57,844,000 was by way of loan. (31) These amounts have been substantially increased by further advances.

4. Farm Debt

The nature and the rapidity of agricultural development made Saskatchewan essentially a debtor community, but depression and drought have increased sharply both the absolute and relative burden of farm debt.

"Without the availability of vast amounts of credit the rapid development of the prairies would have been impossible. From the earliest days of settlement the people have operated to a very considerable extent on funds made available from outside sources. During the homesteading period advances were made by lumber yards, implement companies, stores and banks, and usually when the duties of homesteading had been completed, the different loans were consolidated in a real estate mortgage. As the districts developed, additional lands were acquired by the homesteaders, usually on the deferred terms of agreements of sale. The advances made for current operations by banks, and stores, and also by machinery companies and lumber yards, and later by oil companies for tractor fuel, were usually paid shortly after the crop was harvested each year. The same practice was followed in connection with medical services and a variety of other things. When a crop failed partially or completely it was usually possible for these debts to be carried along until the next harvest, which usually was bountiful enough to take care of the pressing demands made by the local businesses, thus these debts were seldom allowed to accumulate and were generally regarded as temporary accommodations. During recent years Saskatchewan farmers have been unable to take care of their current obligations, because of the curtailment of revenues resulting from combinations of crop failures and low prices, thus debts of all classes have steadily increased, and have tended to assume a more permanent character." (32)

(31) Arrangements between the Dominion and the Province when completed will effect reductions of these loans amounting to approximately \$28,400,000.

(32) Wm. Allen, *Studies of Farm Indebtedness and Financial Progress of Saskatchewan Farmers*; Report No. 1, Survey Made in the Rural Municipalities of Rosemount No. 378, and Reford, No. 379, in 1932. (Saskatoon, College of Agriculture, Bulletin No. 60, 1934). p.45.

In the late twenties, particularly, with satisfactory yields and relatively high prices for wheat, credit was easy to secure and expansion was general. Farms were purchased, farm holdings were extended, power equipment of every sort bought, all on the assumption that returns would continue to permit contracts to be carried out. Obligations which often proved difficult to support with good yields when wheat sold at \$1.25 per bushel quickly became impossible to meet in terms of 40 cent wheat and lower yields. To have paid interest alone on the farm debt of the province would have taken nearly two-thirds of the cash receipts from wheat available for sale in almost every year since 1930 and municipal taxes would have absorbed most of the remainder. (33)

The Farm Debt Surveys

The Surveys of the Department of Farm Management of the University of Saskatchewan (34) show a steep trend toward increasing indebtedness since 1930. Debt increase has been a result of operating loss and accumulated interest on earlier debt. It was found in the course of these surveys that the average debt of farm operators at Rosemount and Reford in 1932 was 12.3 per cent higher than in 1930, (35) while for the Scott, Wellington, and Broken-shell districts, where complete crop failures had been experienced in 1931, the average increase was 33.3 per cent for the two years. (36) The 1933 surveys at Indian Head-Balcarres, Grenfell-Wolseley and Neudorf-Lemberg showed debt increases of approximately 27 per cent over 1931 (37) while at Humboldt in

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- (33) See Wm. Allen and E. C. Hope, *Farm Outlook for Saskatchewan*, 1933, p.3; 1934, p.2; 1935, p.2; 1936, p.2. (Saskatoon, 1933, 1933, 1935, 1936.)
- (34) See *Studies of Farm Indebtedness and Financial Progress of Saskatchewan Farmers*: Report No. 1: Survey Made in the Rural Municipalities of Rosemount, No. 378, and Reford No. 379, in 1932 (Saskatoon College of Agriculture, Bulletin No. 60, 1934) p.25; Report No. 2, Surveys Made in the Rural Municipalities of Brokenshell, No. 68, Wellington No. 97 and Scott No. 98, in 1932 (Saskatoon, College of Agriculture, Bulletin No. 65, 1935), pp.30-1; Report No. 3: Surveys Made at Indian Head and Balcarres, Grenfell and Wolseley, and Neudorf and Lemberg, in 1933 (Saskatoon, College of Agriculture, Bulletin No. 68, 1935), pp.28-9; Report No. 4: Survey Made in the Humboldt District in 1934 (Saskatoon, College of Agriculture; Bulletin No. 71, 1936), pp.45-7.
- (35) In the crop year 1931-2 payments of debts averaged \$438, of which \$152 went for interest, for the 243 farms at Rosemount and Reford, but the indebtedness per farm showed a net increase of \$183 during the year. "Decreases in debt were reported by 37 farmers, but most of these decreases were small excepting where cancellations of obligations occurred with the loss of nominal ownership of real estate". (*Studies of Farm Indebtedness*, Report No. 1, p.48).
- (36) "No significant decreases in debt were reported. The increases were due in large part to the accumulation of interest on obligations relating to farm real estate and equipment, to the advances made for relief, and to unpaid taxes. Some adjustments of indebtedness were reported to have been made previous to these surveys, and others have been effected since that time, but records of these are not available. It is generally considered that in each of these areas further increases of indebtedness have taken place since the surveys were made in 1932." (*Studies of Farm Indebtedness*, Report No. 2, p.53).
- (37) "Since the districts were visited in 1933, some improvement in conditions has been observed but it seems unlikely that any progress with the reduction of farm indebtedness has been achieved." (*Studies of Farm Indebtedness*, Report No. 3, p.51).

1934 the two-year increase amounted to 15 per cent. (38) Assuming an 8 per cent rate of interest on previous indebtedness and no adjustment of interest or principal, it is clear that a large part of the increase in six of the eight districts was due to the necessity of borrowing to finance current operations. (39) In 1935 a survey of seven representative municipalities in southwest central Saskatchewan, which had experienced the full force of the drought for an extended period, showed that about one-fifth of the total debt was for new credit in the form of relief advances and that "only eight out of 836 farmers had no relief indebtedness." (40) If comparable data for the eight year period 1929-37 covering the drought area were available undoubtedly a more disturbing situation would be revealed.

These surveys made possible estimates of the average indebtedness of owner-operators in the various regions surveyed between 1930 and 1935 (see Table VII). It is necessary to emphasize that the differences in the farm indebtedness shown in this table are partly due to differences in the character of the regions, and partly due to the increasing indebtedness as more years of depression and drought have passed. In the 1935 survey only "two of the 836 farmers were without debt" (41) and in 1934 Dr. Allen's investigations had led him to believe that probably not more than 5 per cent of Saskatchewan farmers were free from debt. (42) The low debt of the Maple Creek and Richmond areas and the differences in debt per acre of crop land as in the adjoining districts of Scott, Wellington and Brokenshell, may be explained in terms of differences in productivity and in land values which determined the amount of credit available in each case. On the basis of productivity the poorer lands have

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- (38) "Increases in debt at Humboldt were considerably smaller than those reported in the Qu'Appelle Valley districts and Brokenshell, Wellington and Scott. Crop failures in the areas to the south eliminated all possibilities of making payments on debts, while many of the farmers at Humboldt were able to meet some of their obligations. A few adjustments of debts had been arranged privately between Humboldt farmers and their creditors. Little, if any, progress in reducing indebtedness has been possible since the survey was made in 1934." (*Studies of Farm Indebtedness*, Report No. 4, p.45.)
- (39) 87 per cent of the operators at Balcarres-Indian Head, Grenfell-Wolseley, and Neudorf-Lemberg required new credit for the 1932-3 crop year. The average new credit per farm, excluding interest accrued on earlier indebtedness, for all farms in these districts was \$317, \$226 and \$152 respectively. In the previous year new credit of this kind at Scott had been \$1,293; at Wellington, \$822; and Brokenshell, \$571.
- (40) **Preliminary Report of a Study of Certain Physical and Economic Factors Related to Land Use Classification in Southwest Central Saskatchewan, 1935** (Department of Farm Management, University of Saskatchewan and Agricultural Economics Branch, Department of Agriculture, Ottawa, November, 1936, typed) p.82.
- (41) *Ibid.*, p.76. See also G. C. Elliott "Real Estate Indebtedness in Southwest Central Saskatchewan" (*The Economic Annalist*, VII, February, 1937, pp.8-14).
- (42) Wm. Allen, *Research in Farm Finance: A Preliminary Report of Field Studies Conducted in the Summer of 1933 for the Saskatchewan Agricultural Research Foundation* (Saskatoon, College of Agriculture, 1934), p.4.

generally been found to be the most deeply in debt. Given normal yields and prices, a similar principle appears to favour large farms with a high total debt as opposed to smaller units with lower indebtedness. (43)

From the same material it is possible to estimate the relative importance of the chief items making up farm debt. Table VIII shows the percentage of distribution of the obligations for ten regional surveys. Agreements of sale of land bulk large in the total debt, as few land sales in Saskatchewan are ✓

TABLE VII

Summary of Average Farm Indebtedness of Owner Operators in
Saskatchewan: Studies of 1930-35*

District	Year of survey	Average Area Per Farm		Average Debt	
		Total area	Crop land	Per farm	Per acre crop land
		acres	acres		
Kindersley	1930	557	454	\$4,837	\$10.59
Turtleford	1930	428	226	2,558	11.32
Davidson	1931	757	657	7,020	10.68
Maple Creek	1931	880	453	1,655	3.66
Richmond	1931	660	461	1,625	3.53
Rosemount and Reford ..	1932	446	398	5,739	14.42
Scott	1932	704	608	14,776	24.29
Wellington	1932	600	446	6,204	13.92
Brokenshell	1932	569	408	2,882	7.07
Balcarres-Indian Head ..	1933	599	501	8,972	17.91
Grenfell-Wolseley	1933	510	342	6,543	19.12
Neudorf-Lemberg	1933	468	272	4,445	16.36
Humboldt "A"†	1934	456	258	4,563	17.67
Humboldt "B"	1934	411	215	3,835	17.86
Southwest Central‡	1935	564	445	9,771	22.00

* 1930-33 figures from *Research in Farm Finance*, by William Allen, p.4; Humboldt figures from *Studies of Farm Indebtedness*, Report No. 4, p.36; Southwest Central figures compiled from *The Farm Outlook for Saskatchewan*, 1936, p.3.

† Humboldt "A" comprised 203 owners of loam soil farms; Humboldt "B" 93 owners of sandy loam soil farms.

‡ This survey comprised 598 farms in the rural municipalities of Waverley No. 44; Wood River, No. 74; Pinto Creek, No. 75; Gravelbourg, No. 104; Glen Bain, No. 105; Shamrock, No. 134; and Chaplin, No. 164.

- (43) "With the increase in the size of the farms the total debt per farm increased, but the average debt per acre of crop land declined. Under normal yields and prices the greater debt of the larger farms can be taken care of more easily than the smaller debt on farms of lesser size, but when revenues decline below the operating costs of the efficient farmers, those having the larger farms are at a disadvantage, particularly if they have a considerable debt." (*Studies of Farm Indebtedness*, Report No. 1, p.37.)

for cash, a fact which has frequently made for inflated land values. In the majority of cases an initial payment of from 5 to 20 per cent is made and the agreement of sale stipulates that a one-half share of the proceeds of the crop grown on the purchased land each year be turned over to the vendor to be applied in payment of interest and reduction of outstanding principal. The last ten years have seen further adaptations of the system of land purchase to meet the problem of income variability in that some contracts have provided for the acceptance of a stated number of bushels of wheat, usually No. 2 Northern, instead of a stated number of dollars. At Kindersley in 1930 it was found that about one-fifth of the farm lands sold in the previous five years had been sold on this bushel basis. (44) Thus, on the basis of these surveys, when agreements of sale and mortgages are taken into account, it would appear that about two-thirds of the total farm debt of the province is in the form of long-term credits closely related to real estate. Implement debts were next in importance, followed by bank debts and taxes, though government assistance was a large item in some communities.

TABLE VIII

Percentage Classification of Farm Indebtedness for Ten
Saskatchewan Districts, 1932-35

District	Mort- gages*	Agree- ments of sale	Imple- ments	Bank	Taxes	Relief	Miscell- aneous
Rosemount and Reford..	16.5	60.3	7.0	3.6	2.5	0.1	10.0
Scott	32.7	38.5	3.5	6.1	3.4	4.5	11.3
Wellington	21.3	32.2	11.9	7.3	5.6	9.0	12.7
Brokenshell	12.8	29.5	11.5	7.0	7.5	13.2	18.5
Balcarres-Indian Head ..	49.2	24.8	4.0	3.0	3.6	1.9	13.5
Grenfell-Wolseley	32.7	45.7	4.1	3.4	3.6	2.0	8.5
Neudorf-Lemberg	37.6	31.4	7.2	2.1	6.4	1.4	13.9
Humboldt "A"†	30.2	47.8	5.7	3.2	1.9	—	11.2
Humboldt "B"	26.7	47.5	5.4	2.6	3.2	.2	14.4
Southwest Central‡	36.1	22.4	6.2	2.1	7.3	19.2	6.7

* Includes a small number of chattel mortgages.

† Humboldt "A" comprised 312 farms on loam soils; Humboldt "B", 147 farms on sandy loam soils.

‡ Southwest Central comprised 698 owned and partly owned farms.

(44) See R. W. Murchie, et al., *Agricultural Progress on the Prairie Frontier* (Toronto, 1936) p.245.

Debt Adjustment

To protect the farmer against insistent creditors, debt postponement legislation was passed in 1931 and has been supplemented by amendments and further measures in each succeeding year. (45) Two of the most significant measures were the Debt Adjustment Act, 1933, which deprived the creditor of the use of the machinery of the Courts for the collection of debts unless the creditor had first secured the permission of the provincial Debt Adjustment Board to bring the action, (46) and the Limitation of Civil Rights Act, 1933, which effected a revision of the terms of existing contracts such as mortgages and agreements for sale of land by restricting the creditor's rights to collection of the proceeds of one-third of the crop grown in any one year less one year's taxes, regardless of the terms of the original contract. (47) Reductions in indebtedness secured to December 31, 1936, by the Saskatchewan Provincial Debt Adjustment Board amounted to slightly more than \$1,000,000. Privately arranged adjustments were doubtless of greater importance, but there is no way of estimating even approximately the amount of such reductions.

The rapidly increasing burden of agricultural debt and the natural reluctance of creditors to reduce their claims brought pressure for governmental intervention. To facilitate debt adjustment the Dominion Government passed the Farmers' Creditors Arrangement Act, 1934, (48) under which official receivers were appointed and Boards of Review set up in each province with powers to enforce a settlement between debtors and creditors failing to come to an agreement. While reductions have often been important to individuals securing relief from heavy debt burdens, rapid reduction of the total agricultural debt burden proved impossible since adjustments are made on an individual basis with consideration of each case on its merits, and a

(45) See An Act to Facilitate the Adjustment of Agricultural Debts, *Statutes of Saskatchewan*, 21 Geo. V. (1931), c.59; 22 Geo. V. (1932), c.51; 23 Geo. V. (1933) c.82; 24 Geo. V. (1934), c.59; 25 Geo. V. (1935), c.88; An Act respecting the Postponement of Issue of Certificate of Title to land Sold for Taxes, 21 Geo. V. c.50; 22 Geo. V. c.37, c.38; 23 Geo. V. c.34, c.35; 24 Geo. V. c.28, c.29; 25 Geo. V. c.39, c.40; 1 Edw. VIII. c.52, c.53; 1 Geo. VI. c.42; An Act providing for Certain Temporary Changes in the Statute Law, 21 Geo. V. c.51; 22 Geo. V. c.36; 23 Geo. V. c.33; An Act to Amend the Arrears of Taxes Act, 22 Geo. V. c.33; 23 Geo. V. c.32; 24 Geo. V. c.24; 25 Geo. V. c.35; 1 Edw. VIII. c.46; 1 Geo. VI. c.34; An Act to Provide for the Consolidation of Certain Taxes, 23 Geo. V. c.36; 24 Geo. V. c.30; 25 Geo. V. c.41; 1 Edward VIII. c.54, c.55; 1 Geo. VI. c.39, c.40; An Act respecting the Limitation of Certain Civil Rights, 23 Geo. V. c.83; 24 Geo. V. c.60; 25 Geo. V. c.89; 1 Edw. VIII. c.119; 1 Geo. VI. c.94.

(46) 25 Geo. V. c.82.

(47) 23 Geo. V. c.83. See also 25 Geo. V. c.83.

(48) *Statutes of Canada*, 24-25, Geo. V. c.53. See R. McQueen "The Farmers' Creditors Arrangement Act, 1934" (*Canadian Journal of Economics and Political Science*, I, February, 1935, pp.104-8) and W. T. Easterbrook "Agricultural Debt Adjustment" (*Ibid.*, II, August, 1936, pp.390-403).

majority of the cases have been appealed from official receivers to the Board of Review. By the beginning of November 1937 nearly 4,000 Saskatchewan farmers had secured reductions amounting to slightly more than \$10,000,000 through the agencies operating under this Act. (49)

In September, 1936, the Saskatchewan government announced an agreement with the Dominion Mortgage and Investments Association under which a comprehensive scheme of agricultural debt adjustment on a voluntary basis would be established. (50) The new scheme involved partial abandonment of the principle of individual adjustment and aimed at the rapid scaling down of the debt burden by affecting what would be in essence a blanket reduction of relief, tax, and mortgage indebtedness. Farmers in approximately 174 rural municipalities and local improvement districts in the drought area were to receive the following concessions: (1) Cancellation by the provincial and federal governments of all indebtedness for direct relief (food, fuel, clothing etc.,) and agricultural aid (seed, feed, fodder, tractor fuel, implement repairs, etc.,) "incurred prior to January 1, 1935, and advanced during the previous fifteen years." (2) Cancellation by the provincial government and the rural municipalities of all tax arrears and penalties with the exception of a sum equivalent to the latest two full years' levies unpaid as at July 1, 1936,—the 1936 levy to be considered due as at this date, although imposed later. (3) Cancellation by mortgagees, and vendors of land under agreements of sale of land down to January 1, 1935, the outstanding principal of any such mortgage or agreement together with any unpaid interest for the years 1935 and 1936 to be consolidated in a standard renewal agreement (to be prepared by the government and the creditors) containing provision for repayment of the consolidated amount at a reduced interest rate of 6 per cent over a period of ten years, and continuing restriction of the creditors' rights to collection of the proceeds of one-third of the crop during the years 1937, 1938 and 1939. In the balance of the province provision was made for adjustments on an individual basis with reduction in interest rates to 6 per cent and the ten year extension of time for the payment of mortgages and agreements of sale. The individual farmer was left free to choose whether he would accept the terms of the renewal agreements or press his claims

(49) The first Saskatchewan Board of Review made 1,153 adjustments with an average reduction of \$3,018 or 27.8 per cent of the original debt involving an average annual reduction of \$171 in interest charges. The new Board of Review, which began to function in September, 1936, in the first year of operation made 684 adjustments with an average reduction of \$4,237, or 44.3 per cent of the original debt, involving an average reduction of \$338 in annual interest charges. Information by correspondence from Commissioner, Farmers' Creditors Arrangement Act, Ottawa, and Registrar, Board of Review for Saskatchewan, Regina, October and November, 1937.

(50) For a fuller discussion of the programme see G. E. Britnell, "The Saskatchewan Debt Adjustment Programme" (*Canadian Journal of Economics and Political Science*, III, August, 1937, pp.370-51). See *Statutes of Saskatchewan, 1937: The Drought Area Debt Adjustment Act, 1937, (1 Geo. VI, c.92); The Local Government Board (Temporary Special Powers) Act, 1937 (1 Geo. VI, c.93); The Statute Law Amendments Act, 1937 (1 Geo. VI, c.95.)*

for adjustment under the Farmers' Creditors Arrangement Act of the Dominion, though if he elected for the voluntary plan he could, in the future still ask Federal debt adjustment agencies to consider the burden of his remaining land, tax, and relief debt together with such indebtedness as was not covered by the voluntary scheme. Legislation was passed to facilitate operation of the tax cancellation programme; to provide for the adjustment of debentures, bank loans, and other debts of rural municipalities, rural and village school districts, rural telephone companies and Union hospital boards, made necessary by the cancellation of taxes; and to give the government power to declare a moratorium against any one creditor or group of creditors, thus providing a means of bringing gentle pressure upon such creditors as may have displayed reluctance to co-operate with the government.

TABLE IX

Total Estimated Agricultural Debt in the Province of Saskatchewan
as at December 31st, 1936

	"Drought" and "Marginal" Areas	"Non- Drought"	Total
First Mortgages	\$95,000,000	\$78,000,000	\$173,000,000
Subsequent Mortgages	20,000,000	17,000,000	37,000,000
Agreements of Sale	50,000,000	54,000,000	104,000,000
Direct Relief and Agricultural Aid			*54,000,000
Arrears of Taxes	27,600,000	14,400,000	42,000,000
Executions	5,000,000	5,000,000	10,000,000
Mechanics' Liens	4,000,000	3,000,000	7,000,000
Hypothecations to Banks and Others	2,000,000	2,000,000	4,000,000
Dominion Seed Grain Liens			3,000,000
Total Debt Secured on Land			\$434,000,000
Implement Companies	18,000,000	10,000,000	28,000,000
Banks	12,000,000	6,000,000	18,000,000
Miscellaneous	25,000,000	20,000,000	45,000,000
Total Other Debt			\$ 91,000,000
TOTAL AGRICULTURAL DEBT			\$525,000,000

* Exclusive of repayments and of cancellations amounting to \$12,500,000.

Reductions effected on mortgages and agreements of sale to November 10, 1937, amounted to \$24,031,990 and on taxes cancellations to \$20,571,291. It is estimated that a further write-off of mortgage and land contract indebtedness will bring the total reductions under this heading to \$26,000,000 by the end of 1937, and that tax reductions will amount to approximately \$22,000,000 and the relief write-off to \$31,000,000 under the scheme.

Farm Debt Burden Nearly Half Billion Dollars

The administrative work involved in effecting this \$79,000,000 reduction of agricultural indebtedness and in the renewal of all farm mortgage contracts and agreements of sale under the Saskatchewan Voluntary Debt Adjustment programme, has made it possible to determine with a reasonable degree of accuracy, the total debt secured on farm lands in the province. The estimated amount of this debt including first and subsequent mortgages, agreements of sale, advances for direct relief and agricultural aid, arrears of taxes in rural municipalities and local improvement districts, executions, mechanics' liens (covering largely lumber accounts), hypothecations to banks and others, and old seed grain liens of the Dominion Government as at December 30, 1936, was \$434,000,000. Attempts to estimate the amount of debt owing on bank loans, farm implement purchases, gasoline and oil accounts, store bills, doctors' bills, hospital bills, borrowings on life insurance etc, not covered by the provincial scheme, meet great difficulties. Nevertheless, the officials administering the Voluntary Debt Adjustment scheme, after careful consideration of all evidence and materials in their files, estimate this debt at \$91,000,000 at the end of 1936, which represents a proportion of the total indebtedness almost identical with that determined by the Farm Management Department of the University of Saskatchewan in the debt surveys. (51)

The total agricultural debt of \$525,000,000 as at the end of 1936 will probably have been reduced by some \$83,000,000 (52) through debt adjustments made in 1937. Added to this, an allowance of \$12,500,000 for taxes, interest and other debt payments, appears to be an extremely generous estimate of the amount available for these purposes out of a cash income from an agricultural production of less than \$50,000,000 in the province of Saskatchewan for the year 1937. However, it should be pointed out that against these reductions and repayments must be set interest for 1937 at 5 per cent on uncanceled

(51) "Your enclosures were checked and appear to be in harmony with our findings. According to the average of our debt studies, the unsecured debt of farm owners is 17.7 per cent of the grand total, whereas the estimates you provide are 17.4 per cent. Closer approximation can hardly be expected." Wm. Allen, correspondence, November, 1937.

(52) Includes, in addition to the cancellation of \$79,000,000 of debt under the provincial scheme, an estimate of \$3,000,000 for reductions under the Farmers' Creditors Arrangement Act for the year 1937, and a further \$1,000,000 by private adjustment.

tax arrears and at 6 per cent on all other debt (with the exception of relief debt against which no interest has been charged in making these calculations) amounting to \$25,000,000, municipal tax levies for 1937 of \$12,500,000; and relief advances for 1937 estimated at approximately \$15,000,000. Thus, the remaining burden of agricultural indebtedness in the Province of Saskatchewan at the end of 1937 must be in the neighborhood of \$482,000,000 which sum is equal to a debt of nearly \$15 per acre of crop land.

5. Agricultural Depreciation and Disinvestment (53)

Whereas the increasing agricultural debt of Saskatchewan during the boom period of the late twenties was associated with an increase in earning assets, the increasing debt of the depression period has been associated with the steady deterioration of farm machinery and buildings, reduction of reserves of feed, seed and supplies, and drastic shrinkage in capital expenditures on all forms of new equipment. Consequently, "since 1929, on the basis of studies made by the University of Saskatchewan, it is estimated that the farm equipment of this province has suffered a cumulative deterioration of at least 50%. Buildings, fences and in many cases even the lands used for cultivation have also deteriorated heavily. Reserves of feeds and supplies have been exhausted, and much is needed to make up for the drains of the years of poor crops. In the farm homes household equipment, furnishings and clothing, and even the people of the farm, bear pathetic testimony to the depleted revenues." (54)

Farm Machinery and Equipment

One of the best indicators of the present general condition of Saskatchewan farmers is the state of farm machinery and equipment. Census reports on the value of farm implements, tractors, automobiles and motor trucks serve to emphasize the importance of expensive equipment to the wheat farmers of the prairie plains. (55) Yet the value of machinery and equipment per acre of wheat (which is one of the most significant measures to relate to farm revenues in Saskatchewan) was \$12.34 in 1931 but had declined to \$8.89 in 1936.

There are several ways of appraising the needs of the farmers for machinery and equipment, but probably the most satisfactory is to investigate what the farmers themselves have decided to acquire, and to consider that their col-

(53) Information on the general condition of farm implements and equipment, farm buildings, farm home furnishings and the clothing of the rural population together with the estimates of depreciation for each of these items for the past six years given in this section prepared by Dr. William Allen, head of the Farm Management Department of the University of Saskatchewan.

(54) William Allen "Recent Adjustments in the Organization of Canadian Agriculture" (*Scientific Agriculture*, Vol. XVII, April, 1937) p.480.

(55) See above Part V, Section 4 for a discussion of the value and significance of this equipment and of the sharp decline in new purchases and in the amount of such equipment reported on farms during recent years.

lective opinion represent a fair approximation of what is necessary. Methods of farming are being modified as knowledge increases and conditions change,—consequently the kinds of machinery and equipment on farms will also be changed to fit the conditions which prevail. The function of farm machinery is to co-operate with all other factors of production to produce efficiently the farm products for which the areas are adapted naturally and economically. The lack of effective machinery and equipment constitutes a handicap to those suffering the restriction and favours competitors who can utilize such aids.

In economic studies of Saskatchewan farm enterprizes conducted by the Farm Management Department of the University of Saskatchewan, estimates of the costs of machinery and equipment purchased and of outlays for repairs have been obtained. The values of the machinery and equipment purchased were also estimated by the farmers at the time of the study. These items have been assembled in Table X, and related to the total farm acreage, the acreage of improved land used for crops and summerfallow and the acreage of wheat.

The values of the machinery and equipment and the expenditures made for repairs and replacement, vary markedly with the district and with the year of the study. For the various studies made from 1926 to 1934 inclusive, the simple average of the estimated values of farm machinery by districts for the nineteen studies was \$2,161 per farm; \$5.23 per acre of cropland; and \$11.29 per acre of wheat. The 1931 census averages for the entire province were \$1,359 per farm; \$5.53 per acre of improved land; and \$12.34 per acre of wheat. For 1926 the averages presented by the census were somewhat higher, and for 1936 considerably lower. As farmers of Saskatchewan faced increasing financial difficulties after 1929, it is not unreasonable to assume that machinery and equipment on Saskatchewan farms when the census was taken in the summer of 1931 did not exceed the actual requirements of the farmers of the province.

On the basis of the experience of the farmers included in the nineteen studies of the University of Saskatchewan from 1926 to 1934, the unweighted average value of the machinery and equipment of the districts studied is \$2,161 per farm. The expenditures for purchasing machinery and equipment for each year of study averaged \$219 per farm, and for repairs, \$60 per farm. For the whole period, about 13 per cent of the estimated value of the machinery and equipment went for replacements and maintenance per year. For districts included in the studies prior to 1931, expenditures for replacements and repairs during the average twelve month period amounted to 17.1 per cent of the total value of machinery and equipment. For studies from 1932 to 1934 inclusive, expenditures for repairs and replacements have been very limited and amount to only 5.9 per cent of the total value of this class of farm capital per year.

TABLE X

Summary of Values of Farm Machinery and Equipment and of Expenditures made for Purchases and Repairs for Farms of the Surveys made by the Department of Farm Management of the University of Saskatchewan

Study area	Date	No. of farms in study	Average per farm		Value of farm machinery, equipment			Expenditures on new machinery and equipment				Expenditures on repairs	
			Total acreage	Acres of cropland*	Acres of wheat	Average per farm \$	Per acre cropland \$	Per acre of wheat \$	No. of farm-ers making outlays	Average per farm of study	Per acre of wheat	Per acre cropland	Per acre of wheat
Belbeck	1926	119	487	448	207	2970	6.63	14.35	68	\$253	\$.56	\$ 75	\$.36
Melfort	1926	106	465	320	157	2492	7.79	15.87	67	224	.70	59	.38
Alameda	1927	100	563	417	136	2001	4.80	14.71	83	416	1.00	62	.46
Swift Current "A"†	1928	14	713	541	284	3024	5.59	10.65	8	345	.64	148	.27
Swift Current "B"	1928	82	772	596	320	3102	5.20	9.69	57	453	.76	110	.34
Turtleford	1930	182	427	202	112	1758	8.70	15.70	97	256	1.27	47	.42
Kindersley	1930	218	553	451	207	2628	5.83	12.70	148	578	1.28	47	.23
Davidson	1931	135	741	652	305	2433	3.73	7.98	42	175	.27	71	.23
Maple Creek	1931	54	847	436	164	2030	4.66	12.38	16	313	.72	42	.26
Richmond	1931	79	663	465	270	2919	6.28	10.81	38	649	1.40	55	.20
Rosemount-Reford	1932	243	525	394	195	1621	4.11	8.31	111	103	.26	86	.44
Scott	1932	114	641	572	257	2940	5.14	11.44	13	9	.02	42	.16
Wellington	1932	78	569	435	207	1755	4.03	8.48	21	34	.08	29	.14
Brokenshell	1932	56	568	344	158	1561	4.54	9.83	16	23	.07	23	.15
Indian Head-Balcarres ..	1933	122	569	470	206	2193	4.67	10.65	36	57	.12	44	.21
Grenfell-Wolseley	1933	203	506	344	131	1637	4.76	12.50	59	48	.14	41	.31
Neudorf-Lemberg	1933	89	471	268	100	1508	5.63	15.08	29	57	.21	48	.18
Humboldt "A"†	1934	312	485	271	117	1431	5.28	12.23	190	116	.43	76	.65
Humboldt "B"	1934	147	438	221	103	1056	4.78	10.25	71	44	.20	42	.19

* "Cropland" includes all land used for crops or summerfallowed.

† Swift Current "A" comprised farms on sandy soil; Swift Current "B" farms on loam soils.

‡ Humboldt "A" comprised farms on loam soil; Humboldt "B" farms on sandy loam soils.

Observations made regarding the conditions of farm equipment of all kinds in Saskatchewan by investigators from the University, indicate the heavy deterioration of the past six years. There are some Saskatchewan farms on which farm machinery and equipment have been well maintained, but these are all too few and are by no means representative. During the years of drought and depression there has been a marked reduction in the use of farm machinery and equipment consequently calculations for depreciation might be expected to be somewhat smaller than when farming operations are more nearly normal. It seems clear that at least 13 per cent of the value of farm equipment and machinery must be invested on the average per year to keep farm equipment in a satisfactory working condition, and provide for replacements as they are needed. Estimates made by representatives of implement companies are usually somewhat above this figure. However, since 1929, the records of the Farm Management Department indicate expenditures amounting to only six per cent per year. On the basis of these estimates, there has been a cumulative deterioration of from 45 to 50 per cent of the value of the machinery and equipment as of 1929. If the reasonable assumption is made that the machinery and equipment reported in the census of 1931 is adequate and appropriate for Saskatchewan farms, the cumulative deficiency since that date would amount to about 35 per cent of the 1931 values of 186 million dollars.

This estimate receives support from a comparison of the 1931 and 1936 census reports of the values of farm machinery in the province. During this five year period, notwithstanding a two per cent increase in the area included in occupied farms, the value of farm equipment declined by 29 per cent or at the rate of almost 6 per cent per annum. However, at least another six per cent should be added for the period that has elapsed since the census was taken in June, 1936, as purchases of equipment of any consequence have been restricted to a very few areas in Saskatchewan since that time.

Thus a conservative estimate of the amount required to bring farm equipment and machinery in Saskatchewan back to the 1931 standard, would be approximately 65 million dollars, or an average expenditure of \$466 for every farm in the province.

Farm Buildings

The success of an agricultural area is usually reflected in the type and condition of the farm buildings. With a measure of prosperity buildings tend to improve in a developing community and gradually the successful farmers obtain the houses, barns and other farm buildings which they consider reasonably satisfactory for their purposes. Districts which seldom experience remunerative seasons are unlikely to have adequate farm buildings and those they possess are commonly unattractive and seldom well maintained. In long settled farming areas the buildings usually incorporate something of the investments and

the earnings of the generations of farmers who have owned the land, but the results of current operations are quickly reflected in the general appearance of the farm buildings and in the general appearance of the farm.

The presentation of statistical information relating to the values of farm buildings involves greater difficulties than those encountered with farm machinery and equipment because of the difficulty experienced by farmers and others in determining suitable methods of evaluation. The farmer finds it extremely difficult to depart from a basis of the costs he incurred in connection with the material and special labour involved in construction. Many who have had no part in the construction will place considerable emphasis on replacement costs although they usually ignore the question of the suitability of the buildings, or the possibility of over-investment. Others prefer to seek a reasonable relationship between the values of the land and of the buildings, which together must equal the value of the farm real estate as a whole, which in turn must be in line with the values which prevail for the agricultural area under consideration. Notwithstanding the foregoing reservations, it is still possible to obtain valuable information from the successive census reports which serve to give useful indications of the general situation. Such reports can be supplemented by the observations of farm management investigators conducting successive survey studies in representative farming communities.

The period of particular interest is the fifteen years from 1921 to 1936. In 1921 there were comparatively few districts in Saskatchewan in which buildings could be regarded as adequate on the majority of the farms and the erection of many new buildings might have been expected. But in the five year period 1921-26 although crops were fair and prices as stated in dollars and cents ranged high in comparison with the period from 1931 to 1936, the actual purchasing power of the farm income was low, for in the deflation of all values the prices of agricultural products fell much more rapidly than did the commodities farmers needed to purchase. From 1920 to 1924 was a period of considerable distress for the farmers of the prairie provinces, and investments in farm buildings from revenues was possible only on a very limited scale. Adjustments were gradually worked out, however, and by 1925, when the wheat growers obtained a good crop which sold at an excellent price, optimism began to return.

The second five-year period 1926 to 1931, was satisfactory through the first three seasons but finished up very discouragingly. Relatively good crops and prices in the years 1925 to 1928 stimulated building construction on farms in many communities. The economic surveys of the Farm Management Department of the University of Saskatchewan during 1926 to 1930 covering seven areas representative of Saskatchewan farming, showed that new buildings of various kinds had been erected on 225 of these 821 farms during the twelve months period immediately preceding the making of the studies. The simple

average of the expenditures per farm for these districts was \$112 or 2.7 per cent of the average value of the buildings. For these districts, outlays for building repairs and painting amounted to about \$23 per farm; thus the total expenditures for new buildings and maintenance were about \$135 per farm, or about 3.3 per cent of their average value. To keep farm buildings in reasonably good repair requires from one to two per cent of their value per year, and to take care of depreciation at least five per cent additional is necessary. Thus for the areas included in these studies of representative farming districts, about twice the expenditures that were reported for these relatively good years would seem to have been necessary to maintain the values of the buildings. In other words, the net results of the investments made from 1925 to 1929, (and following a period of negligible expenditures on buildings by Saskatchewan farmers) not only failed to show any improvement in the standard of farm buildings but actually permitted a lowering of the general standard.

The period following the 1930 crop needs only brief consideration. With low grain prices and disappointing crops, salvaging the farm business has been the principal task. As buildings can serve for fairly long periods despite gradual disintegration, expenditures on buildings are among the last to be made when funds are limited. The records of the lumber yards and paint companies indicate virtual cessation of business with Saskatchewan farmers since 1930, except in the most favored areas. The studies made by the Department of Farm Management from 1931 to 1934 showed that less than one per cent of the farmers included in the studies made any expenditures for new construction and that, on the basis of 1432 farms for the twelve month periods studied, such expenditures averaged only \$19 per farm. For repairs and painting the average amount expended was only \$9 per farm. The average value of buildings per farm, as calculated from the estimates of the farmers, was \$2763, thus the total expenditure on buildings of \$28 per farm is equivalent to about one per cent of their average value. Since 1934, new construction in Saskatchewan farms has been seen only in the more recently settled districts to the north. A new building on a farm is now a subject of general comment. Some buildings have been taken down and rebuilt in new locations, but Farm Management observers have practically no construction to report for the major part of the agricultural area of the province. There is, therefore, a serious deterioration readily recognizable in connection with the farm buildings of the province. The census reports indicate a decline of about 42 million dollars or 18 per cent, in the value of farm buildings from 1931 to 1936, which is about 3.6 per cent per year, and as values have declined still further since the census was taken the total decrease since 1931 would be from 22 to 25 per cent.

When the 1931 census was taken buildings were actually below a desirable standard since attention to normal requirements had been withheld for some years, consequently the acceptance of the 1931 values as a working basis for establishing requirements cannot be considered in excess of reasonable needs.

To restore the condition of the farm buildings of the province, exclusive of the newly settled areas, to the 1931 standard would thus entail the expenditure of about 50 million dollars.

Farm Household Furnishings, Clothing, Etc.

While the success of the individual farm business will be shown in the condition of the buildings and general equipment of the farm it is also very strikingly in evidence in the condition of the home furnishings and general household equipment and in the clothing and other personal effects of the members of the household.

Studies of living costs of farms made in recent years indicate decreases in all classes of expenditure. In consequence, the home furnishings and the necessary general household equipment are now in extremely poor condition. In many cases complete replacements would be warranted were funds available. Clothing needs have been very poorly taken care of, although governmental and voluntary assistance has been given to provide for the more pressing needs. While the preceding statements apply with special force to the official drought areas, the farmers of other parts of the province have found revenues generally inadequate to take care of more than their immediate needs, with the result that even where crops have been obtained the general condition of home furnishings, household equipment and clothing has deteriorated. With improvement in farm revenues, expenditure for these items will be substantial and immediate. Restoration of farm home furnishings and equipment to the 1931 standard would require the expenditure of \$200 per family, or a total of about 28 million dollars for the province; to accomplish a similar restoration of clothing and other personal effects, another \$200 per family, or a further estimate of 28 million dollars would certainly not be excessive.

Capital Disinvestment at Least 200 Millions

Although defying, for the most part, quantitative measurement, evidence might have been presented on other significant features of the position of the agricultural industry in Saskatchewan including the condition of farm livestock and the absence of normal reserves of seed, feed, fodder and supplies. But here the story has been told and the essential facts laid bare in the discussion of past and current governmental expenditures and commitments for agricultural assistance. Similarly, the deterioration of rural municipal institutions, such as schools, telephone systems and market roads is discussed in other parts of this submission. Taken together, it cannot be denied that these items constitute further heavy capital losses incurred by Saskatchewan agriculture. Yet, confining attention to capital disinvestment as represented by the depreciation of farm machinery, equipment and buildings, the furnishings and equipment of the farm home and the clothing of the rural population of Saskatchewan, it is estimated that restoration of these items to the moderate standards of 1929 would require the expenditure of at least 200 million dollars.

PART VII

PARTICULAR HANDICAPS IN THE ECONOMIC LIFE OF SASKATCHEWAN

While it has been deemed essential that the material appearing in this Part should be placed before the Commission, the Government is anxious that it should not be charged with basing its case on narrow claims of inequality as against the other provinces. The position has been taken that the existence of a federal state must be recognized, as well as nine provinces, the local autonomy of which must be preserved. The goal is to discover how best national unity may be guaranteed, the essential nature of the federation preserved and a full life attained for the people of the various provinces.

It is submitted that the several matters here treated of are very relevant to this inquiry and should be considered when adjustments are being made with respect to the ideal as stated above. To allege a handicap is not to ascribe blame to any other province or section, yet the handicap may be so serious as to require attention when a truly national policy is being formulated. It is believed that every province is prepared to make concessions in order that the provinces may be developed within the federal system. Certainly the attitude of the people of other provinces in making voluntary contributions to the drought-stricken areas of Saskatchewan indicates a sympathetic understanding. National unity is not incompatible with provincial development.

There has been no hesitation in expressing the opinion that certain national policies bear so hard upon the economic life of this province as to make a satisfactory development very difficult, if not impossible. Here again, compromise will be necessary.

A. TRANSPORTATION AND FREIGHT RATES

The Province of Saskatchewan is, and will continue to be essentially an agricultural province. The production of wheat, primarily, together with other field crops has been and will continue to be of dominant importance. The main cash crop is wheat. Oats, barley, rye and flax seed are also grown in quantities, and together with wheat are marketed outside the province, and to a large extent exported from the Dominion of Canada and sold at world prices, governed by conditions over which the producer has no control.

Agriculture and Industry

In the case of manufactured products, the expense of transportation is normally added to the manufacturers' costs, and passed on, and eventually paid by the consumer in the prices which the consumer pays. A manufacturer can ascertain his costs in advance. From a survey of business conditions throughout the territory where his market lies, he can closely estimate the probable

demand for his goods, and regulate his output accordingly. By organization of fellow manufacturers he can avoid violent fluctuations in prices. He can take advantage of markets favorable to him in the purchase of his raw material. In agriculture the situation is quite different. Ordinarily the producer cannot know in advance what his costs of production will be. He cannot anticipate yield or grade, these being so largely dependent upon weather, namely too little or too much moisture, late seasons, excessive heat, early frosts, and unfavorable harvesting conditions. His production is affected by disease, pests and various contingencies over which he has no control. The farmer's production is seasonal. In manufacturing it is continuous. If the price of manufactured goods declines, the manufacturer may curtail his output. In agriculture this is virtually impossible.

In regard to wheat and other products having a world market, the producer is particularly helpless, the price for these products being fixed by numerous factors. When, however, the price at a terminal is fixed at any particular time, the producer will ordinarily receive for his wheat the terminal price less the costs of transportation from the farm to such terminal, and less the various handling charges involved. This price, for example at Fort William, is influenced, if not fixed by the world price, in particular the Liverpool price, and one of the factors is necessarily the cost of transporting that wheat from such terminal to Liverpool. It is estimated that the cost of transporting a bushel of wheat from the Saskatchewan farm to world markets, including the usual handling charges and insurance, is normally about 35c per bushel. If the price is high, such transportation and handling charges may be easily borne, but when the price is low, such costs may mean the production of the wheat at a substantial loss. The producer of wheat has been subject to continual fluctuations in world prices. High prices have encouraged him to extend his operations, acquire land and machinery, and assume obligations which have naturally increased his costs and rendered his position most vulnerable in the periods of low prices. It is these things which make the freight rate level a matter of vital concern to any agricultural community, and explains in part the persistent dissatisfaction of the agricultural producer with freight rate structures as the same have existed in Western Canada from time to time, and have inspired the many efforts of the agricultural producer politically and otherwise to obtain relief from this burden.

Transportation Disabilities of Saskatchewan

What is true of an agricultural community generally, applies particularly to the Province of Saskatchewan, for a number of reasons:

1. Because of its geographical position. It is located in the heart of the continent, far distant from either coast. It is separated from the Pacific Coast by high mountain ranges, where the cost of constructing, maintaining and operating lines of railway is abnormal. It is far distant from Atlantic Ports, and

in addition is separated from the central Provinces of Ontario and Quebec by a thousand miles of rocky country, covered with stunted forest products, producing little, if any, revenue freight to reduce the costs of transportation lines; separated also from the maritime ports by a huge area of non-productive territory east of the Province of Quebec.

2. By lack of water routes and competing foreign railway lines. In Eastern Canada railway rates have at all times been maintained on a lower scale by Railway Companies, to meet the competition afforded by natural waterways and canals, constructed at tremendous national expense, and by American Railway lines built into Canadian territory. This explanation of the lower freight rate basis in Eastern Canada, as compared with Western Canada, has been given by the Railways in all the Freight Rates Investigations conducted by the Board of Railway Commissioners since the inception of that Board, and has been accepted by the Board as a justification for such lower rate structure.

3. From the concentration of manufacturing in the central provinces of Quebec and Ontario. Such concentration it has been argued, is due to the national policy inaugurated many years ago, and the extension of that policy from time to time. In any event, merchandise of practically every description consumed in the Province of Saskatchewan, is priced to the Saskatchewan consumer on the basis of the high cost of transportation from such central markets, with markups thereon by the different persons through whose hands such merchandise passes before it reaches the ultimate consumer.

4. From tariff barriers which have been erected from time to time against foreign goods and products, compelling the movement of such goods and products over long hauls east and west, and preventing the movement of such goods on shorter hauls from the south. Separated by an invisible line is the vast territory of the United States, with its great industries, manufacturing goods in large volume, at low costs, for its millions of people. Western Canada must purchase its goods from the highly protected industries of the central provinces, at prices which include the cost of transporting these goods from such distant points, to which cost additions are made as the goods pass from the manufacturer to the jobber, from the jobber to the retailer, and from the retailer to the consumer.

5. From the fact that the Province of Saskatchewan is essentially a producer of primary products largely wheat, but including as well other field products, animals, animal products and dairy products sold at prices fixed by world markets.

Rate Structures—East and West

A brief examination of the rate structures in Eastern Canada in comparison with the rate structures in Western Canada, will illustrate the disabilities suffered by the Province of Saskatchewan, to some extent in common with the other prairie provinces, in the matter of transportation costs.

Standard Freight Class Tariffs specify the maximum mileage rates which may be charged for each class of freight in the various classifications for the distances covered by the railway. These tariffs state that the rates so published are to be applied in the absence of special tariffs quoting lower rates. In Canada merchandise and other commodities move on the rate specified in these tariffs, or on special tariffs lower than the standard mileage rates, or on commodity rates which are a percentage of the standard mileage rates, or are made on a more or less arbitrary basis to meet competition to move the traffic, to develop the particular business or for other sufficient reasons.

In a country such as the Dominion of Canada, with great width and relatively small depth, served by long trans-continental lines, there are bound to be, as they are, different traffic conditions in different localities. The long railway lines are naturally broken up into districts. In pursuance of the system upon which the rates have been built up in Canada, there have been published different standard mileage tariffs for the different districts. There is the Eastern Standard Mileage Tariff operative between Sudbury and East thereof in Ontario, Quebec and the Maritime Provinces. A further standard mileage tariff between Port Arthur and Fort William on the west and east to Sudbury, the Prairie Standard Mileage Tariff between and including Port Arthur on the east and Crow's Nest, Canmore and Edson on the west, and the Pacific Standard Mileage Tariff between the western boundary of the Prairie scale and the Pacific Coast. In this discussion we may eliminate the Standard Mileage Tariff between Sudbury and Port Arthur, because of the nature of the territory, also that portion of the Eastern Standard Mileage territory which includes the Maritime Provinces because of the Maritime Freight Rates Act, 1927, enacted by Parliament in accordance with the recommendations of the Royal Commission on Maritime claims.

The Prairie Standard and the Pacific Standard Mileage Scales of Rates were set up in accordance with the order of the Board of Railway Commissioners made in the Western Rates case in 1914. Prior to that, there existed west of Port Arthur and Fort William, the Manitoba Scale, the Saskatchewan Scale, the Mountain Scale and certain Lake and Rail and Inter-Lake Scales, all on different bases. The Pacific Standard Mileage Scale is substantially higher than the Prairie Scale, published rates for the different classifications being approximately on the basis of one mile in Pacific territory being equivalent to $1\frac{1}{4}$ miles in Prairie territory. Formerly the Pacific Scale was much higher, but has been reduced from time to time by Orders of the Board of Railway Commissioners. The justification for the higher basis of rates in Pacific territory has been found by the Board at different times in the higher costs of construction, maintenance and operation of railways in that territory. In like manner the Prairie Standard Mileage Scale is substantially higher than the Eastern Scale. This lower basis in Eastern Canada has been fixed and maintained on the justification furnished by the competition of water-routes and

American Railways built into Canada. Attempts made from time to time by the western provinces to equalize Western Rates with Eastern Rates have invariably been unsuccessful. As a result of these various applications, however, some slight progress has been made in narrowing the spread, although the horizontal increases in rates authorized by the Board at various times during and shortly after the War, have tended to magnify these disparities.

Eastern Class Rates

In Eastern territory, that is the territory lying between Sudbury on the west and running east through the Provinces of Ontario and Quebec, there is little, if any, movement of goods on the Standard Mileage Tariff. By far the greater bulk of the higher classes of merchandise there moves under special class tariffs known as Town Tariffs. The general basis of these rates, known as Schedule "A" Rates, was settled by the Board of Railway Commissioners in the International and Toronto Board of Trade Rate cases in 1908. These rates are on a substantially lower basis than any rates published in Western Canada. This is due to the commercial advantages in the matter of transportation which this section of the country enjoys by reason of natural waterways, and in addition, the competition furnished by canals, and that afforded by International Railway Lines. In addition the concentration of wealth and population in the Central Provinces has made possible the construction of extensive all-weather highways as a result of which the competition of trucks has become an important factor in reducing transportation costs.

While these Town Tariffs officially apply only between certain specified points, practically they regulate the rates throughout this whole territory. They are what is known as "between rates," that is, they apply not only on the movement of merchandise from a Town Tariff point, but also on any movement of merchandise to a Town Tariff point. They also apply as maxima so that the Town Tariff Rate between a Town Tariff point and any other point on the same line of Railway can not be lower than the rate from an intermediate point to the same destination. In the result, the Provinces of Ontario and Quebec enjoy a very low basis of rates for the movement of merchandise therein.

Western Class Rates

In Western Canada special "Town Tariffs" are also published by the Railways. In their tariffs, however, these are more accurately described as distributing rates. They apply from a limited number, approximately thirty-seven, wholesale centers in Western Canada. They are almost exactly 85 per cent of the Prairie Standard Mileage Scale for the different classifications. They are less advantageous than the Town Tariff Rates in force in Eastern Canada:

1. In that they are on a much higher basis;

2. In that they apply only from the distributing point to point of destination and not "between" as in Eastern Canada;

3. They are not maximum rates in the sense that rates from intermediate points on the same line must not be higher; and

4. They apply only to points on the same line of Railway, and not to interline movements as in Ontario and Quebec.

It should be carefully noted that except for the distributing tariffs from these limited number of distributing points there are no class tariffs covering the movement of merchandise in the Prairie Provinces other than the Prairie Standard Mileage Tariff. That Tariff specifies the maximum rates that the Railways may charge for their services.

Class Rates Between East and West

The Class Rates from Montreal on the East, Windsor, Sarnia and Sault Ste. Marie on the West, and between and including Niagara Falls on the South, and Sudbury on the North, all rail to Fort William, are the same. This whole territory is blanketed into one group with respect to the movement of merchandise to Western Canada. This grouping is due in large part to the water competition afforded by the natural and artificial waterways in that territory. The distance between Montreal and Windsor is approximately 560 miles. Points back from waterways, in order that they might not be injured, have been placed by the Railways with the acquiescence of the Board on an equality with the Ports. The rates then from this large blanketed territory on class goods, to Western Canada, are those fixed by the special tariffs for each class of merchandise to Fort William, plus the rates from Fort William to destination. These rates are not, however, the local Class Rates, but reduced or arbitrary rates governed, it is assumed, by the competition afforded by the Lake Route from this territory to Fort William. The rates which are added from Fort William to point of destination are what is known as the Terminal Rates, authorized and directed by the Board of Railway Commissioners in the Western Rates case. These rates are the Standard Mileage Rates for the different classifications, based on an assumed or constructive mileage. The distance from Fort William to Winnipeg by the Canadian Pacific Railway, is approximately 420 miles. For the purposes of ascertaining these terminal rates, the distance from Fort William to Winnipeg is assumed to be 290 miles. On the movement from Fort William to a point west of Winnipeg, the distance is assumed to be 290 miles, plus the distance from Winnipeg to destination.

Discriminatory Effect of Terminal Rate Structure

Thus Winnipeg secures the entire advantage of the assumed mileage, and points west of Winnipeg secure a lesser benefit decreasing with the distance westward. Winnipeg being a distributing point, and entitled to the benefits of

the distributing tariffs in force in this territory has and has had for many years a substantial advantage over other distributing points, particularly those located in Saskatchewan and Alberta, and the consumer in Manitoba has a corresponding advantage over the consumer in Saskatchewan and Alberta.

The terminal rate tariff applies on the movement of merchandise not only from Fort William Westward, but also from stations in the Western Provinces on movement Eastward to Fort William. In this way producers of goods moving on Class Rates, and industries located in the City of Winnipeg, whose products move on class rates or commodity rates based on a percentage of class rates, have for many years enjoyed a substantial advantage over producers and similar industries West of Winnipeg. Complaints have been made by the Provinces of Saskatchewan and Alberta, of this alleged discrimination on various occasions, to the Board of Railway Commissioners, but always without success.

The Standard Mileage Tariffs must be approved by the Board before they become effective. It should be assumed that they are fair and just, with a proper tapering of the per ton per mile rates as the distance increases. The following Tables will show how the terminal rate structure has violated the principle of the Standard Mileage Tariff, thereby benefitting the eastern portion of the Prairie district and prejudicing the western portion. The Province of Saskatchewan has always contended that the terminal rates should be based on a straight reduction from the Standard Mileage Rates, that is that the rates between Winnipeg and Fort William, Regina and Fort William, and between Fort William and all Prairie Stations should be say 15% below the Standard Mileage Rates for the distance, thus preserving the rate relationship established by the Standard Mileage Tariff.

Comparison of Standard Mileage Rates and Terminal Rates
Between Fort William

FIFTH CLASS								
AND	Distance (miles)	Standard mile- age rate	Ter- minal rate	Reduction from standard mileage rate	Percentage reduction from standard mileage rate	Rate per ton per mile		
						Standard mileage	Ter- minal	Differ- ence
Cents per 100 lbs.								
Winnipeg	419	74	57	17	22.97%	3.53c	2.72c	.81c
Yorkton	698	104	90	14	13.46%	2.98c	2.57c	.41c
Regina	775	111	98	13	11.71%	2.86c	2.52c	.34c
Moose Jaw	817	116	104	12	10.34%	2.83c	2.54c	.29c
Saskatoon	899	123	111	12	9.75%	2.73c	2.46c	.27c

Tariff References: Terminal Rates—C.P.R. No. W.175, C.R.C. No. W.2933.

Standard Mileage Rates—C.P.R. No. W.1, C.R.C. No. W.2871.

Statement of Fifth Class Rates between Fort William and Western Points
based on Standard Prairie Mileage Rates and on existing Terminal
Rates, showing the higher percentage over Winnipeg in the Terminal
Rates than in the Standard Mileage Rates.

Between Lake Termini and	Mile- age	Prairie Scale Fifth Class	Terminal Rates Fifth Class	% over Winnipeg Prairie Scale Fifth Class	% over Winnipeg Terminal Rates Fifth Class
Winnipeg	419	.74	.57		
Portage	475	.81	.65	9.4%	14.01%
Brandon	552	.90	.75	21.6%	31.5 %
Viriden	599	.93	.81	25.6%	42.1 %
Regina	775	1.11	.98	50.0%	71.9 %
Moose Jaw	817	1.16	1.04	56.7%	82.4 %
Yorkton	698	1.04	.90	40.5%	57.9 %
Saskatoon	899	1.23	1.11	66.2%	94.7 %
Prince Albert	937	1.26	1.16	74.3%	103.5 %
Weyburn	734	1.08	.95	45.9%	66.6 %
Swift Current	928	1.26	1.14	70.2%	100.0 %

Tariff References: C.P.R. W.100 Supp. 84—C.R.C. W.2937.
C.P.R. W.1—C.R.C. W.2871.
C.P.R. W.175—C.R.C. W.2933.

A similar terminal rates tariff is in effect between Pacific Coast points and stations in the Prairie Provinces, on a higher basis, however, than between Fort William and Prairie Stations, because of the higher Pacific Standard Mileage Tariff. This higher basis of class rates from Pacific Coast points, operates to the disadvantage of the consumer in the Prairie Provinces, by reducing the competition which would otherwise exist between manufacturers and jobbers in the Provinces of Ontario and Quebec, and those located in Pacific Coast Cities.

Grain and Flour Rates—

The primary products of the Province of Saskatchewan generally move eastward to Ontario and Quebec points for domestic consumption, or for export on statutory or commodity rates. The former applies particularly to grain and flour which move to Fort William on the rates established under the Crow's Nest Pass Agreement made in 1897, which has been continuously in force since that date, except for the period during and after the war when these rates were suspended. Grain and flour have moved to Pacific Coast Ports for export

since the Order of the Board of Railway Commissioners made in the Fall of 1925, and confirmed in the General Freight Rates Inquiry in 1927, on the basis fixed by the Crow's Nest Pass Agreement, but insofar as the Canadian Pacific Railway is concerned, on an assumed mileage from Calgary to such Pacific Coast Ports equivalent to the higher mileage between the City of Edmonton and the City of Vancouver. Grain and flour from Prairie points to Pacific Coast and other points in the Province of British Columbia for domestic consumption, and generally between points in the Prairie Provinces, move on a domestic rate, approximately 100 per cent higher than the rates fixed under the Crow's Nest Pass Agreement.

The rates for the movement of grain and flour on the statutory Crow's Nest Pass basis, are admittedly favorable to the producer. The Railways have claimed and at times attempted to establish that these rates are unprofitable. Grain and flour make up the bulk of freight traffic from Saskatchewan and probably from the three Prairie Provinces. Since the formation of the Province of Saskatchewan, up to and including the 1934 crop, the shipments of grain and flax seed from this Province (Statistics Branch, Department of Agriculture—Grain Inspection Reports) have totalled:

Wheat	3,660,000,000 bushels
Oats	639,700,000 bushels
Barley	142,400,000 bushels
Rye (from 1917)	53,300,000 bushels
Flax Seed	109,400,000 bushels

At an average freight rate of 13½c for wheat, 7.6c for oats, 10.8c for barley, 12.6c for rye, and 13½c for flax seed, the Saskatchewan farmer has paid in freight rates for transportation of this grain out of the Province, the sum of \$579,581,200.00. For the crop year 1928-29 the amount paid out for this purpose was the sum of \$43,500,225.00. In addition he has paid handling charges of approximately 4c per bushel to and at this terminal. This grain has subsequently supported a Lake Rate of 4½c to 8½c per bushel to Montreal, and an Ocean Rate of 4½c to 14c per bushel, together with additional handling charges of at least 5c per bushel.

According to computations made in the 1921-22 Freight Rates Investigation, from information supplied by the Canadian Pacific Railway Company, the net earnings of that Company for the fifteen year period, 1906 to 1920 inclusive, on Western lines (Fort William and West) amounted to \$388,500,000.00, and on Eastern lines (East of Fort William) \$174,000,000.00, both figures before deduction of expenses of outside agencies, insurance and taxes which the Company did not allocate between divisions or districts. On the same basis to December 31, 1921, the net earnings of this Company for a period of 15½ years on Western lines only, amounted to \$405,000,000.00, sufficient to pay total fixed

charges and preferential dividends for that period of \$199,381,000.00, and to pay \$205,000,000.00 of the total of \$223,000,000.00 paid during that period in ordinary dividends from Railway operations.

These figures are given, not for the purpose of making out a case for reduction of freight rates, not in issue at this time, but to show to some extent how a substantial portion of the wealth produced in the Province of Saskatchewan has been paid out in transportation costs, to the benefit of the whole Dominion. Many additional figures could be given to the same effect. For the years 1921 to 1925, inclusive, the net earnings on Eastern lines of the Canadian Pacific Railway were \$76,996,267.00, and on Western lines \$146,161,398.00. During this period the total average operating expenses per mile of line East of Fort William for the four Eastern Districts was \$69,299.00; for the four Districts West of Fort William \$42,303.00. The operating expenses per mile of line in the Saskatchewan District have always been the lowest of the entire system. For the five year period above mentioned an average yearly of \$6,263.00 against \$14,357.00 in the Ontario district. In the Quebec District these expenses were approximately \$2,500.00 a year higher per mile of line than in the Ontario District. (1)

It is apparent that the rates, the bulk movements, and operating conditions in Western Canada explain the higher net earnings and why the western wheat crop furnishes the index to prosperity in the Dominion. Employment and consequent purchasing power is expanded in country and terminal elevators, on railways and in shops, on lake steamship lines and in factories, in retail stores and in offices. Exported to the markets of the world, this wheat in turn plays an important part in Canadian International trade. Finally, if as it is generally conceded, means of communication and conveyance were and are of paramount importance in the settlement and subsequent progress of this country, the development of these means is in a large measure due to the contribution of Western Canada.

Live Stock and Other Primary Products

Animals, animal products, dairy and poultry products move to eastern markets from Saskatchewan on commodity rates. Some of these rates, for example the rates for the movement of cattle, hogs and sheep to Montreal and stations west thereof, in Quebec and Ontario, for domestic consumption, and for export, may be regarded as low for the services rendered by the carriers. From the producers' standpoint, however, the great distance involved in this movement, the necessity of regular and frequent stop-overs and unloading for feed, water and rest, the additional cost of such services, and the extra handling charges involved with constantly changing markets between Great

(1) From information supplied by The Canadian Pacific Railway Company in the General Freight Rates Investigation 1925-27, Exhibit F.H. 98.

Britain and the United States and severe fluctuations in prices, have limited the development of the livestock industry in the Province of Saskatchewan. Notwithstanding everything that can be done to expedite the movement and to prevent injury of the animals, there results a shrinkage of from 3 to 7 per cent. Given favorable marketing conditions, the livestock industry in Saskatchewan could be developed manyfold. Under conditions as they exist and have existed, when the cost of marketing is added to the cost of production, there is little, if anything, left for the producer. The rate from Moose Jaw to Montreal and points West thereof in Quebec and Ontario is $110\frac{1}{2}$ c per 100 pounds, minimum weight 20,000 pounds. The total freight charges on a shipment of cattle or hogs at the minimum weight from Moose Jaw to Toronto or Montreal is the sum of \$221.00. According to information supplied by the Livestock Branch of the Provincial Department of Agriculture, the additional costs on this movement, including an allowance for shrinkage, are ordinarily $32\frac{1}{2}$ c per 100 pounds, the total cost being therefore approximately \$287.00. The rate for a distance of 300 miles in Quebec or Ontario is $27\frac{1}{2}$ c; for a distance of 400 miles 32c. The total freight charges for a similar movement for 300 miles to Toronto or Montreal is \$55.00; for the movement of 400 miles \$64.00. Thus, there is a saving to the producer in Ontario or Quebec of \$166.00, in the one case, and \$157.00 in the other case, on freight charges alone. The saving on other costs and in reduced shrinkage to the Eastern producer is relatively as great. These savings would represent a profit to the Saskatchewan producer who may sell his livestock at stockyards in Saskatchewan or Manitoba, but the price he receives is in all cases governed by the cost of the movement to Montreal or Toronto. This illustrates the disability in transportation costs suffered by the Saskatchewan livestock producer, to a considerable extent due to geographical position.

The Saskatchewan producer wages a continual struggle against geography. As in regard to livestock, so it is with regard to other products such as eggs, butter, dressed poultry, fresh meat, packing house products and wool. In addition to field crops and animals, these constitute Saskatchewan's chief sources of wealth. Only a small percentage can be consumed locally. The balance must be marketed in Eastern Canada or exported, and out of the price received, high transportation costs must be paid to cover the long movement and remunerate the carrier for services rendered. To reach the Toronto or Montreal market, butter from Regina in carloads must pay 205c per 100 pounds. The average rate on butter, in carloads from stations in Ontario and Quebec to Montreal is about 60c; eggs from Regina pay $185\frac{1}{2}$ c, from stations in Ontario and Quebec 45c; dressed poultry from Regina 205c, from stations in Ontario and Quebec 60c. Thus transportation exacts a high tribute on all Saskatchewan products.

Incidence of Higher Transportation Costs

On the other hand the Saskatchewan producer and consumer pay high transportation charges on everything consumed or used in the province, originating outside the province or moved within the province. While these transportation costs press with disproportionate weight on the consumer in Saskatchewan, as compared with the consumer in the more favorably located provinces of the Dominion, it is also important to remember that these costs are elements as well in the relative costs of production of agricultural and other products in Saskatchewan and Central Canada.

From the standpoint of the consumer, while the increase in the price of a pair of shoes by reason of the additional transportation cost, may seem so small as to be insignificant, when it is considered that this additional cost is added directly or indirectly to the price of everything the consumer purchases, it must be recognized that the purchasing power of the Saskatchewan consumer is seriously affected and his standard of living reduced. From the standpoint of the producer whose position with regard to the sale of his products has been previously referred to, there can be no doubt that high transportation costs have placed the producers in the Province of Saskatchewan under a severe handicap in competition with producers more favorably situated in relation to the center of manufacturing activity in the Central Provinces. That this handicap as regards implements of production, automobiles, motor trucks, machinery and equipment, is not theoretical but very substantial, is apparent from the comparative prices in the following table. The disparity in these prices is almost entirely accounted for by the additional cost of transportation as follows:

Article	Saskatchewan	Ontario
Low priced Passenger Automobile, Regina and Windsor respectively	\$1145.00	\$1021.00
Medium priced Passenger Automobile, Regina and Windsor respectively	1425.00	1295.00
Light Delivery Truck, Regina and Windsor respectively ..	910.00	790.00
1½ Ton Truck, Regina and Windsor respectively	1095.00	965.00
2 Ton Truck, Regina and Windsor respectively	1295.00	1145.00
Electric Ranges—Additions for freight, Regina and Toronto respectively—		
Small Models	6.00	1.50
Larger Models	8.00	2.00
Largest Models	12.00	3.00

Refrigerators—On same basis—	Saskatchewan	Ontario
Small Models	\$ 7.00	\$.75
Larger Models	11.00	1.00
Largest Models	13.00	1.25
All Washing Machines additional freight in West	5.00	
Agricultural Implements—Prices Moose Jaw, Saskatoon and Toronto—		
Binder, 8 ft. with forecarriage	291.00	256.00
Binder, power	405.00	370.00
Mower, 20 sec. heavy	121.00	108.00
Rake, 30 tooth 10 ft.	62.00	52.00
Cultivator, 11 Th. 8 ft.	161.75	138.00
Disc, 10 ft. tractor hitch	182.00	161.00
Disc, 6 ft. one-way for tractor	346.50	308.50
Disc, 6 ft. one-way for horses	309.50	274.50
Manure Spreader	193.00	181.00
Cream Separator	77.50	74.50
Disc Plow, horse drawn 3 F.	194.00	174.50
Disc Plow, tractor drawn 4 F.	209.50	180.00
Wagon, 3½x3 service	96.00	85.00
Small Engine, 4x4 pulley	96.50	88.00
Tractor, 16-26 h.p.	1183.00	1073.00
Tractor, 26-41 h.p.	1442.00	1360.00
Dairy and Creamery Equipment, f.o.b. Regina and Toronto respectively—		
Churn, power	1912.50	1800.00
Pasteurizer	1135.00	1075.00
Bottle Washing Machine	1755.00	1675.00

As a partial alleviation of the disabilities of those portions of the Dominion far removed from the centralized manufacturing districts, in the matter of transportation costs, a suggestion has been made that all articles manufactured in this country under a protective tariff should be sold at a uniform price throughout the Dominion. This would mean that those persons living in the proximity of the community in which any particular article is manufactured would pay a slightly higher price, and that the freight charge to other parts of Canada would be absorbed by the manufacturer. Such a proposal, it is submitted, should receive careful consideration and be applied insofar as possible. As a matter of fact by arrangement between manufacturers, electric motors and generators and starting and control equipment therefor, are today sold at a uniform price in Canada F.O.B. the point of delivery.

Commodity Rates—East—West

According to the best evidence available, only 25% of the tonnage on Canadian Railways moves under class rates. The balance moves on commodity rates lower than the class rate otherwise applicable. There are many more commodity rates in eastern than in western Canada. A comparison of some of these rates with the rates in force in western Canada for the movement of the same article or class of article follows: Unless otherwise stated all rates shown in these statements are for carload shipments in cents per 100 pounds.

Lumber				
From Megantic, Que., to	Rate	Miles	Rate	From Golden, B.C., to
Foster, Que.	14	106	19½	Canmore, Alta.
St. Lin Jct.	17	192	27	Dalemead, Alta.
Smith Falls	19½	293	30	Tilley, Alta.
Ingersoll, Ont.	24	596	40½	Moose Jaw, Sask.

The Western rates are from 39% to 69% higher.

From St. John, N.B. to	Rate	Miles	Rate	From Vancouver, B.C. to
North Bay, Ont.	31½	833	54	Pashley, Alta.
Galt, Ont.	33	863	54	Hatton, Sask.
Chatham, Ont.	37	985	54	Herbert, Sask.

Western rates from 46% to 70% higher.

Tariff References: C.P.R. No. E. 3603; C.P.R. No. W. 5025.

Cement					
From St. Mary's, Ont., to	Miles	Rate	Rate	Miles	From Winnipeg to
Shannonville, Ont.	237	17½	21½	236	Wapella, Sask.
Sharbot Lake, Ont.	285	19	24	287	Summerberry, Sask.
Kamptville, Ont.	345	21	25½	342	Balgonie, Sask.
Apple Hill, Ont.	388	22	28	386	Madrid, Sask.

Western rates from 20% to 30% higher.

Tariff References: Mileages—C.P.R. No. E. 2750B; No. W. 100

Rates—C.P.R. No. E. 180; No. W. 5850

Petroleum Products

From Toronto to	Miles	Rate	Rate	Miles	From Regina to
Bowmanville, Ont.	48	19½	20	50	Boharm, Sask.
Brighton, Ont.	100	22	29	96	Chaplin, Sask.
St. Thomas, Ont.	122	25	32	124	Herbert, Sask.
Robendale, Ont.	144	27½	35	147	Atkins, Sask.
Perth, Ont.	199	32	39	196	Carmichael, Sask.
Winchester, Ont.	246	36½	45	250	Kincarth, Sask.

Western rates approximately 35% higher.

Tariff References:

Rates

from Toronto—C.P.R. No. E. 1140A; C.P.R. No. E. 2750B.

from Regina—C.P.R. No. W. 290; C.P.R. No. W. 100.

Salt

From Windsor, Ont. to	Miles	Rate	Rate	Miles	From Fort William, Ont. to
Montreal	568	27½	38	561	Kemnay, Man.
Point du Lac, Que.	643	34½	42	646	Red Jacket, Sask.
Campeau, Que.	699	37½	45	698	Yorkton, Sask.
Megantic, Que.	727	37½	47	723	Sintaluta, Sask.

Western rates approximately 30% higher.

Tariff References:

Rates—C.P.R. No. 1. 1170; C.P.R. No. W. 175.

Mileages—C.P.R. No. E. 2750B; C.P.R. No. W. 2937.

Canned Goods

From Hamilton to	Miles	Rate	Rate	Miles	From Fort William to
McAdam, N. B.	766	59½*	98	776	Regina
Sigas, N. B.	907	61½	111	900	Saskatoon
Oak, N. B.	802	61½	104	818	Moose Jaw
Edmunston, N. B.	929	†59½	114	928	Swift Current

* 45c competitive truck rate or water rate effective April 10 to Nov. 10 each year.

† C.N.R. competitive 752 miles.

The rates from Ft. William to the above stations in Saskatchewan are higher than for the same distances from Hamilton, as follows:

	Cents	Per Cent
Regina	38½	60
Saskatoon	49½	80½

Canned Goods (continued)

	Cents	Per Cent.
Moose Jaw	42½	69
Swift Current	54½	87

The lake and rail rates from Hamilton to points in Western Canada are about six cents lower than the all rail rates. The rates from Ft. William are only a portion of the through rate.

Tariff References: Rates—C.P.R. No. E. 159D; C.P.R. No. W. 175.

Mileages—C.P.R. No. E. 2750B; C.P.R. No. W. 100.

Paper—Building, Roofing, Sheathing, Wrapping

Montreal to	Miles	Rate	Rate	Miles	Winnipeg to
Pembroke, Ont.	226	27	42	227	Red Jacket, Sask.
Lindsay, Ont.	300	28	48	295	Wolseley, Sask.
Galt, Ont.	398	34	60	398	Moose Jaw, Sask.
Windsor, Ont.	*568	39½	77	566	Sidewood, Sask.

* C.N.R. competitive mileage 559.

In Eastern Canada the commodity rates on paper of this type range from 41% to 54% below the Eastern Standard Mileage scale; in Western Canada the reduction from Standard Mileage rates is approximately 15%.

Tariff References:

Rates—C.P.R. No. E. 3809; C.P.R. No. W. 4960.

Mileage—C.P.R. No. E. 2950 B.

Newsprint

From Fort Francis, Ont. to	Miles	Rate	Rate	Miles	
Regina	564	72	39½	568*	Montreal to Windsor
Moose Jaw	606	76	43½	622	Sault Ste. Marie to
Saskatoon	678	81	46½	678	Montreal
Prince Albert	730	87	45½	729	Sault. Ste. Marie to
					Foster, Quebec.
					Quebec to Windsor.

* C.N.R. competitive mileage 559.

Standard Mileage
5th Class

Miles	West	East	West	East
564	90	77½	72	39½
606	95	84½	76	43½
678	104	95½	81	46½
730	108	100½	87	45½

Commodity Rates

Tariff References: C.N.R. No. W. 204-K. C.P.R. No. E. 3809.

C.P.R. No. E. 3985; C.N.R. No. W. 180C.

Mileage—C.P.R. No. E. 2750B.

Iron and Steel Articles					
From Hamilton, Ont. to	Miles	Rate	Rate	Miles	From Winnipeg, Man. higher by
St. Lin Jct. Que.	395	44	60	398	Moose Jaw 36%
St. Martin's Jct. Que.	386	35	59	381	Belle Plaine, Sask. 69%
Hurdereau, Ont.	301	35	48	295	Wolseley, Sask. 37%
Smiths Falls, Ont.	250	34	45	250	Whitewood, Sask. 32%

Tariff References: C.P.R. No. E. 560A. C.P.R. No. W. 5771.

Dressed Poultry, Fresh Meats, Butter, Eggs, Cheese and
Packing House Products, carloads and less than
carloads. (C.L. and L.C.L.)

Ratings Canadian Classification.

		Less		Carloads		
		Carloads	L.C.L.	C.L.		
Butter		2		3		
Cheese		3		4		
Eggs		2		4		
Dressed Poultry		1		3		
Fresh Meats		1		4		
Packing House Products				5		
		Dressed Poultry Fresh Meats L.C.L.	Butter Eggs L.C.L.	Cheese L.C.L. Butter C.L. Poultry C.L.	Eggs Cheese Meats C.L.	Packing House Products C.L.
	Miles	1	2	3	4	5
East	100	54	47	41½	34½	27½
West		60	50	39	30	29
East	150	65	58	49	41½	32
West		77	65	51	39	35
East	200	68	59½	52½	43	34½
West		89	74	59	45	39
East	300	79	70½	59½	50	41½
West		110	92	72	56	48
East	400	94	83	70½	59½	47
West		134	113	90	68	60
East	500	108	95½	81½	68	54
West		155	129	104	78	71
East	570	108	95½	81½	68	54
West		170	141	114	86	77

Tariff C.P.R. No. W. 490, C.R.C. No. W. 3166.

Dressed Poultry, Fresh Meats, Butter, Eggs (continued)

Miles	Butter and Eggs, L.C.L.	Dressed Poultry Fresh Meats, L.C.L.
100	6%	11%
150	12	18
200	24	31
300	30	40
400	36	42
500	35	43
570	48	57

The Maritime Provinces

In 1926 the Royal Commission on Maritime claims took under consideration, among other things, the matter of transportation and freight rates in the Maritime Provinces. It appears from their findings that prior to Confederation for many years the project of a Railway connecting the Atlantic Ports with the St. Lawrence was canvassed and promoted both by the Maritimes and Upper and Lower Canada. From the standpoint of the Maritimes such a road "would offer to the lower Provinces ready access to the vast field of enterprise and progress occupied by their fellow subjects in the Interior." Section 145 of The British North America Act required such a road to be built. It was found that strategic considerations determined the actual course of the line, making it many (approximately 250) miles longer than was necessary if the only consideration had been "to connect the Cities of the Maritime Provinces with those of the St. Lawrence", and that to the extent that commercial considerations were subordinated to National, Imperial and strategic considerations, the cost would be borne by the Dominion and not by the traffic that might pass over the line. It was found by the Commission that up to the year 1912, this situation had been kept in mind so far as freight rates were concerned, but that since 1912 rate increases had been made in the freight structure of the Atlantic District, bringing them up to a level of those in effect in the Central Provinces—a much lower structure, as has been stated, than that in effect in the Western Provinces. Further, that even with these increases, the Railway operations continued to be carried on at a loss. (According to the Annual Reports of the Canadian National Railways the operating ratio of that Company in the Atlantic Division for the five year period 1926 to 1930 was \$114.19.) On account only of the National, Imperial and strategic considerations entering into the construction of the Intercolonial Railway, the Commission recommended an immediate reduction of 20% on all rates charged on traffic originating and terminating at stations in the Atlantic Division of the Canadian National Railways, including export and import traffic by sea from and to that Division, and also on the Atlantic proportion of the through rate on traffic originating at stations in the Atlantic Division to points outside that Division.

This recommendation was made effective by the enactment of the Maritime Freight Rates Act (1927) under which, in accordance with its provisions the Dominion Government has paid out in subsidies to the Railways affected in the years 1927 to 1933 inclusive, the sum of \$15,296,999.00. The reduction directed by the Maritime Freight Rates Act does not apply on traffic moving into the Atlantic Division from the west, or through that Division for export. Accordingly it furnishes no relief to the Prairie Provinces, whose Railway outlets were necessarily constructed through 1,000 miles of unproductive country in Northern Ontario—and then if the traffic moves by rail to Canadian Atlantic Ports, it must move over a Railway the actual route of which was selected for National, Imperial and strategic purposes with the additional distances as hereinbefore set out.

On the basis of the above figures, the total contribution to the Maritime Provinces under the said Act to date is approximately \$24,000,000.00. The Act became effective on July 1st, 1927, and required the accounts of the Canadian National lines East of Levis and Diamond Junction to be kept separate from the remainder of the system. From that date to the end of 1934, the cash deficits of these lines amounted to the sum of \$46,007,203.00 (Canada Year Book, 1936, page 677), which has been paid out of general taxation by the Dominion in addition to the contributions under the Act. Other lines of railway operating in this territory do not publish separate figures for that portion of their lines. Any deficits they may incur, except by reason of the Maritime Freight Rates Act, must be provided by higher rates elsewhere in Canada.

The Royal Commission on Maritime Claims, considered as well the handicaps arising from the geographical position of the natural products of these Provinces and their distance generally from Central markets. It recommended certain amendments to the Railway Act, enlarging the jurisdiction of the Board of Railway Commissioners so that this Board in regulating freight rates and tolls, might deal with broader aspects than mere question of the reasonableness of the rate charged for a particular service — no method of ascertaining the actual cost of transporting a particular article by rail has yet been discovered—and questions of unjust discrimination and undue preference.

While such an amendment would admittedly open the door to many applications for rate adjustments and greatly increase the work of the Board, it is suggested that the recommendations of the Duncan commission in this regard be studied as a means of securing the adjustment of rates throughout Canada on a more equitable basis.

Conclusion

It is submitted that there has been a general feeling throughout Eastern Canada for many years that "the west can pay more"—more interest, more tariff and higher freight charges. The Maritime Provinces have at no time contributed anything in the matter of freight revenue for the support of trans-

continental lines, and have not even contributed sufficient freight revenue to pay the costs of operating lines in their own territory. This portion of the country is more favored geographically than the Province of Saskatchewan, and it is submitted has received advantages in the matter of freight rates which amount to a straight subsidy of some millions of dollars a year, in addition to the deficits on their lines, which must be made up from general taxation.

The Central Provinces, by virtue of their favorable geographical position, competitive means of transportation, concentration of industry and other causes, occupy the most favorable position in Canada in the matter of freight rates. On the other hand, the position of the Western Provinces is most unfavorable, but these Provinces have been called upon to pay the bulk of the freight rates in Canada, and provide the net revenues for the Railways. Sir Joseph Flavelle was appointed to examine into the condition of the Canadian National Railways at the time of its consolidation. In his report he made a comparison between the Canadian Pacific Railway Company on the one hand, and the Grand Trunk Railway on the other, and stated that the Canadian Pacific obtained the greater part of its revenues from the higher freight rates and from the long bulk haul in Western Canada. He pointed out that the Grand Trunk Railway on its eastern system hauled more freight than the Canadian Pacific on its whole system, but one produced profitable results, and the other produced deficits. In the opinion of Sir Joseph Flavelle, according to the report made by him at that time, traffic conditions in the west and freight rates paid by the west were responsible for this difference.

In his history of the Canadian Pacific Railway (2), Dr. Innis, of the University of Toronto, states at page 269 as follows: "Freight earnings and freight traffic have depended directly and indirectly to a very large extent on the expansion of Western Canada, especially with the development of the west, and with the effect of higher rates resulting from a non-competitive situation in that area. The contributions in Western Canada were evident in the receipts from land. It follows, therefore, that to a large extent the net earnings and total receipts of the Canadian Pacific Railway have been directly obtained from Western Canada." At page 293 he states: "The existence of a large surplus on the balance sheet of the Canadian Pacific Railway and the consistent payment of large dividends, accomplished through a high dividend rate and relatively large issues of common stock have been shown to be largely the result of the freight situation in Western Canada." And at page 286, as follows: "Total receipts which depended primarily on net earnings and to a large extent on freight traffic and the situation in Western Canada were disbursed from time to time in dividends on common stock, and in the accumulation of

(2) The History of the Canadian Pacific Railway by Harold I. Innis, Ph.D. McClelland & Stewart Limited, Toronto.

surplus. Dividends above a normal return on common stock have therefore existed as the result of the expansion of the road in Western Canada, and have largely been paid from the economic development of that area."

The people of Western Canada have been aware of this situation for many years, and have carried on a fight for relief from this burden. During the years when western lands were new, while immigration was flowing into the Prairie Provinces and capital was being spent in large amounts for development of these resources, while crops were good and prices were reasonably remunerative, the economic effect of high transportation costs was not so noticeable. But that period has changed, capital borrowed must now be repaid; the era of immigration to the Western Provinces is apparently over. Much of the land which when new produced profitable wheat crops can no longer be relied upon. In addition to this the country has been going through a long period of drouth, added to depression. The west can no longer pay more interest, more tariff, and higher transportation charges. If these continue, the standard of living of the people of this province must be seriously reduced and its economic future imperilled.

B. THE BURDEN OF THE PROTECTIVE TARIFF UPON SASKATCHEWAN

We do not propose in this submission to re-state the weighty economic arguments against a protective tariff nor are we here concerned to refute the more doubtful allegation that the imposition of a protective tariff may, under certain conditions, and in the long run, be in harmony with some broadly conceived national interest. Rather, in this submission, we are concerned to show that in times of prosperity and in times of depression alike, the dead-weight burden of the tariff bears more heavily upon Saskatchewan than upon any other province of the Dominion. The nature of our economy, characterized as it is by intensive specialization in the production of an export staple and by the absence of secondary industries, makes this inevitable. The position of Saskatchewan in the Canadian Federation suggests that of Tasmania in the Australian, in which case it was declared "that the high protective tariff was an unmixed burden with very little compensating benefit."

The particularly unhappy position of Saskatchewan with respect to the tariff has been revealed in the estimates made by Professor Rogers on behalf of the Government of Nova Scotia regarding the provincial incidence of the Canadian protective tariff. (1) Although the methods and technique employed by Professor Rogers have been criticized (2) it has been recognized that "the degree of accuracy necessary in an estimate of the gains and losses from the

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- (1) A Submission on Dominion-Provincial Relations and the Fiscal Disabilities of Nova Scotia within the Canadian Federation, presented by N. McL. Rogers (Halifax, 1934) Ch. VIII.
 - (2) D. C. MacGregor "The Provincial Incidence of the Canadian Tariff" (Canadian Journal of Economics and Political Science, Vol. I, August, 1935, pp.384-95.)

tariff depends upon the purpose of the estimate." (3) We are prepared to concede that exact measurement of the incidence of the tariff upon any or all of the provinces is probably impossible, but we would submit with Professor Rogers that "the conclusions reached by an analysis of this kind are of less importance in relation to exact monetary effects than as indicating the proportionate burden of the tariff upon the several provinces of the Dominion." (p.95).

The provincial distribution of tariff subsidies (4) for the year 1931 on the basis adopted in the calculations made by Professor Rogers is given in Table I. In order to indicate more clearly the comparable position of the several provinces, the subsidies were expressed on a per capita basis. Reduced to these terms, the gross gains from the tariff are clearly much smaller for Saskatchewan than for any other province.

TABLE I

Provincial Distribution of Tariff Subsidies as Estimated
by Professor N. McL. Rogers, for the Year 1931

Province	Proportional Distribution per capita	Estimated Tariff Subsidies to Pro- tected Manufacturers	Tariff Subsidy per capita
Prince Edward Island .....	.11	\$ 467,992	\$ 5.32
Nova Scotia	2.23	9,487,493	18.50
New Brunswick	1.91	8,126,059	19.91
Quebec	31.23	132,867,447	46.23
Ontario	58.88	220,722,484	64.32
Manitoba	4.68	19,910,971	28.44
Saskatchewan .....	.77	3,275,950	3.55
Alberta	1.93	8,211,148	11.22
British Columbia and Yukon	5.26	22,378,571	32.03

But to arrive at the net burden it is necessary to offset against these gains the costs of the tariff to each of the provinces. The estimated enhancement of prices due to the tariff and the per capita distribution of such tariff costs by provinces is given in Table II.

(3) Ibid., p.384.

(4) Professor Rogers points out: "The tariff duty is a tax and a subsidy. It is a subsidy in the same sense in which a bounty is a subsidy. The only material difference is that a bounty is a fixed sum, whereas a tariff subsidy is an uncertain sum. In the case of the bounty, moreover, the amount of the subsidy is collected by the Government, from the taxpayers, and is then paid over directly to a subsidized industry, whereas in the case of the tariff subsidy the Government merely fixes the rate of duty, and the subsidy itself is paid by the consumers of the commodity which is protected." (p.88.)

TABLE II

Provincial Distribution of Tariff Costs as Estimated by
Professor N. McL. Rogers for the Year 1931

Province	Enhancement of Prices Due to Tariff	Tariff Costs per capita
Prince Edward Island	\$ 2,042,150	\$23.20
Nova Scotia	15,784,124	30.78
New Brunswick	12,891,077	31.58
Quebec	101,171,562	35.20
Ontario	168,732,723	49.17
Manitoba	29,185,740	41.69
Saskatchewan	29,228,285	31.71
Alberta	27,909,396	38.15
British Columbia	37,737,247	54.36

A comparison of the provincial distribution of both gains and losses makes it possible to strike a balance and to show the net per capita gain or loss from the tariff accruing to each of the several provinces (see Table III).

TABLE III

Comparison of Tariff Subsidies and Tariff Costs by Provinces as
Estimated by Professor N. McL. Rogers for the Year 1931

Province	Tariff Subsidy per capita	Tariff Costs per capita	Net Gain per capita	Net Loss per capita
Prince Edward Island	\$ 5.32	\$23.20		\$17.88
Nova Scotia	18.50	30.78		12.28
New Brunswick	19.91	31.58		11.67
Quebec	46.23	35.20	\$11.03	
Ontario	64.32	49.17	15.15	
Manitoba	28.44	41.69		13.25
Saskatchewan	3.55	31.71		<u>28.16</u>
Alberta	11.22	38.15		26.93
British Columbia	32.03	54.36		22.33

The significant feature of this comparative analysis by provinces together with any necessary qualifications of the estimates presented, are admirably described by Professor Rogers:

"It is desirable to emphasize again that this table representing the provincial distribution of tariff subsidies and tariff costs is chiefly valuable as an indication of a condition. It is not an exact statement of the effects of the tariff upon the incomes of the several provinces of the Dominion. It does not indicate the tendency of the tariff to contract the income of export industries by reason of the increase in costs of production of such industries. It does emphasize, however, the effect of the tariff upon the internal distribution of the existing national income.

"It is the tendency of the tariff to increase the money incomes of all protected industries. By their potential ability to raise prices by the extent of the duty on imports the protected industries are given command over a larger portion of the income of the community than they would enjoy without such tariff protection. It is equally the tendency of the tariff to raise the internal prices of protected goods and therefore to lower the purchasing power of all money incomes. Owing to the concentration of protected manufactures in Ontario and Quebec these two provinces profit most by the increase in money incomes and are the only provinces where the increase in money incomes is greater than the added charges imposed on all incomes by the effect of the tariff in enhancing the prices of protected goods. In the remaining seven provinces money incomes are increased by the tariff in so far as these provinces possess protected industries. But in these provinces the increase in money incomes due to the tariff is more than offset by the charges on all incomes due to the enhancement of the internal prices of protected goods. In other words the Canadian tariff has in fact imposed a heavy net charge on the annual incomes of seven of the nine provinces of the Dominion. This net charge on the incomes of these seven provinces goes to swell the money incomes of Ontario and Quebec.

"It is also important to note that the per capita net gain attributed to Ontario and Quebec does not imply that the increase in the money incomes of these provinces is evenly distributed as between different classes of producers. The precise distribution of the gain in these provinces is not relevant to the present analysis. Nevertheless, the effect of the tariff in increasing money incomes in Ontario and Quebec is significant because a federal government presupposes the existence of the provinces as distinct entities, and the ability of a province to discharge its constitutional obligations depends upon the vitality of its economic life. If national policies have a tendency to enrich the economy of two provinces at the expense of the remainder, this fact is of the utmost importance as determining the wisdom or unwisdom of the policies in question and also in its bearing upon the constitutional and financial relationships of the Dominion and the provinces.

"It may be contended that the value of the computation of the provincial incidence of the tariff is vitiated by the fact that there is no reason to believe that 26% is an accurate measure of the effect of the tariff in enhancing prices of protected manufactures. It has already been acknowledged that existing statistical information does not permit an exact calculation of the effect of the tariff on prices. The figure of 26% was taken because it was the flat rate of average ad valorem duties on dutiable imports in 1931. But suppose the measurement of average enhancement of prices were 20% instead of 26%. The only difference would be in the absolute amounts and not in the relative distribution between provinces. The relative disparity between Ontario and Quebec as opposed to the other provinces would still remain. It would still be true that Ontario and Quebec would show the only surplus of manufacturers' tariff subsidies over consumers' tariff costs, and that the other provinces would show uniformly a substantial deficit of consumers' tariff costs as compared with manufacturers' tariff subsidies. The difference would be merely one of reducing the figures in all the columns without altering the essential relationships of the two groups of provinces. Moreover, a more detailed analysis of the manufacturing industries in the various provinces would indicate that the favourable effect of the tariff on the incomes of the provinces would be confined even more exclusively to Ontario and Quebec than the given computation suggests. The most highly protected industries such as textiles, motor cars, iron and steel wares, electrical supplies, boots and shoes, etc., are heavily concentrated in Ontario and Quebec. In the other provinces a large proportion of the protected industries which have been included in this calculation are of a class which receive lower rates of effective protection which are likely to have an effect on prices, such as pulp and paper, butter and cheese, fish, canneries, flour and feed mills." (pp.100-101).

Thus, whatever qualifications may be introduced, the essential grimness of the tariff picture into which Saskatchewan is made to fit cannot be obscured. Indeed, refinements in technique could scarcely serve to do other than darken the canvas. For five of the ten leading industries of Saskatchewan, (5) namely, printing and publishing, bread and other baking plants, dyeing and cleaning establishments, saw mills and central electric stations cannot be said to depend in any direct way upon the existence of the protective tariff, and, four of the remaining five, namely, flour and feed mills, butter and cheese factories, slaughtering and meat packing plants, and breweries, are either dependent largely upon export markets and world prices or derive little support from the tariff. Of the ten leading industries of Saskatchewan only petroleum plants, giving employment to a total of less than 500 workers, derive any substantial measure of protection from the tariff.

(5) See above Part V, Section 7, Table XV.

While the tariff has given little support to the few small manufacturing industries which Saskatchewan does possess, it has imposed a heavy annual charge or tax upon the one great unsheltered export industry of the province. The Saskatchewan wheat growers have, perhaps in a more complete sense than any other group in Canada, been "compelled to purchase goods in an expensive protected market with the proceeds of exports sold in the competitive markets of the world." In times of depression when the barter terms of trade become particularly unfavourable to Saskatchewan wheat growers, the relative weight of the tariff burden increases. Against the highly variable income of Saskatchewan resulting from tremendous fluctuations in both the yield and the export price of wheat is set a rigidity of costs resulting from the absence of free competition in the determination of the prices of goods supplied by the industrial areas of Ontario and Quebec. For the presence and the operation of a high protective tariff make the possibility of adjusting other prices in the Canadian economy to meet the sharp decline in the cash incomes of primary producers extremely remote. Actually, any threatened fall in the price of protected goods resulting from a sharpening of foreign competition tends to be met by appeals from the sheltered industries for increased tariff protection and order-in-council provision for anti-dumping measures, with a consequent further diversion of a shrinking national income from the exposed to the sheltered industries. Such a movement is naturally accompanied by drastic reduction in the standard of living of the primary producers in exposed areas.

The tendency to raise tariffs in times of economic depression has particularly serious consequences for Saskatchewan which can best be illustrated with reference to the conditions underlying the production and marketing of wheat. In a period of depressed demand for exported wheat, it is essential that the Saskatchewan producers be put in a position where they can cut costs and carry on, but the imposition of a higher tariff or even the maintenance of tariff schedules at former high levels, introduces rigidities into the cost structure of western agriculture and places the wheat grower in a peculiarly vulnerable position. The high quality of Canadian hard wheat probably means that a limited amount will be demanded by British and continental millers for mixing purposes even at a high price, but changes in baking methods, habituation to a poorer loaf, the establishment of quotas and other import restrictions in many countries have tended to reduce the amount of Canadian wheat which is considered necessary for mixing purposes. For the bulk of the Canadian wheat crop the price factor remains dominant and the demand elastic. The more elastic the demand function for Canadian wheat, the more vicious will be the effect of inflexible elements in the cost structure of prairie wheat producers. Faced with dwindling markets, effectively prevented by the tariff from cutting costs, they are forced to sell their wheat crops at a heavy loss and live out of capital. The results of such a situation are seen in the exhaustion of reserves, a mounting burden of agricultural debt and governmental relief, abandonment of farms and the steady depreciation of machinery, buildings and

equipment, a sharp reduction in the standard of living of the entire agricultural population, and all the other marks of a chronically depressed economic region.
(6)

Thus the tariff fulfills the biblical text "for he that hath to him shall be given and he that hath not, from him shall be taken even that which he hath," and protected industries have small grounds for complaint if the results of Canadian fiscal policy are reflected in a sharp rise in the cost of agricultural relief in the prairie provinces.

A study of prices of typical manufactured commodities in the United States and other competitive countries over a period of years, as compared with prices in Canada, will show that the Canadian consumer pays, at least an amount equal to the tariff protection granted in excess of what he would have to pay had he free access to the nearest and cheapest market.

Let us examine the automotive industry as an example of the working out of this policy. Generally speaking, it is typical of all protected industries, although it should be kept in mind that the automotive industry is by no means the industry given the highest degree of protection. Three large corporations, namely, General Motors, Chrysler Corporation and Ford Company of Canada control approximately 85 to 90 per cent of the market for the low priced automobile in Canada. The United States is, of course, the natural competitive factor in this particular manufactured product. However, the parent companies of the three dominant Canadian Companies enjoy an even greater control of the American market for automobiles in the same price field. None of the American parent companies compete with the Canadian offshoots for Canadian business.

The reports of the Dominion Tariff Board examining into this particular industry show that there is a differential between United States prices and Canadian at comparative points of from 25% to 35%. In other words, the differential is considerably greater than the 17½% duty imposed against these automobiles by the Customs tariff. Prior to 1936, the duty rate was 20%. How then can the Canadian automotive industry maintain this excess of differential? The answer to this question indicates clearly that there are many barriers other than the actual customs duty imposed to restrict Canadian buying to Canadian manufacturers.

In the case of the automotive industry, there are two effective causes permitting this result. The first is, as shown, the lack of true and effective competition from the companies in the United States, and the other is the

(6) See above Part VI for a discussion of conditions in the wheat economy of Saskatchewan since 1929.

embargo placed on used cars entering into Canada. For some years the importation of used cars has been effectively barred by an enactment of the Dominion Parliament, and it is submitted that this has played a large part in giving to the Canadian automotive industry a practical monopoly of the Canadian market. Undoubtedly, Saskatchewan would have turned to the United States with its great quantity of low-priced used cars to supply its needs, particularly during the recent years of agricultural depression, and this would have afforded, indirectly, a measure of competition that would have influenced Canadian prices of new cars.

In the Tariff Board report on this particular industry, a sympathetic attempt was made to show the value of the industry to Canada. The premises or the conclusions reached by the Board cannot be accepted by this province, but need not be argued here. The actual figures used in the computation show, however, that the differential being paid by the Canadian consumer was more than sufficient to pay all the wages being paid out by the industry in Canada. In other words, the industry is being bonused at the expense of the consumer to this extent, at least, and Saskatchewan bears its share of this bonus without the compensating advantages that have accrued to Ontario where the industry is established.

It is true that General Motors has re-opened its Regina assembly plant, and, to the extent that its operations contribute to municipal and provincial taxation and employs Saskatchewan citizens in connection therewith, Saskatchewan will benefit. However, it might easily be argued that if the Saskatchewan consumer had free access to the United States the company might still find it economical to establish such an assembly point in the west for the distribution of its products.

Another phase of the automotive industry is the parts industry that has grown up around the automobile manufacturing plants in Ontario. This parts industry is afforded a higher degree of protection than is the automobile manufacturing industry. To illustrate the load that this particular protection imposes, it was shown before the first sittings of the Tariff Board in December, 1935, that the Canadian consumer, by a process of pyramiding, was paying approximately 70% more than the American consumer. When it is remembered that the servicing and repairing of automobiles involves in money values more than the cost of new automobiles, the extent of this load imposed on the Canadian consumer can be appreciated. What has been said of the automotive industry might be repeated with reference to the protected farm machinery industry.

Other regulations have been devised and applied to achieve and maintain the place of the Canadian manufacturer in the Canadian market. The fixed value for duty purposes, the so-called dumping provisions of the Act, the arbitrary fixing of value in terms of Canadian currency when the currency of a

foreign country of importance is depreciated, have all been used to effect this purpose. The effect of all these has been to permit the Canadian manufacturer to maintain a price level above that prevailing in other countries, and the consumer has had to bonus, to the extent of the excess price, the industries being carried on in Canada.

In 1935 and 1936, the Tariff Board made an exhaustive enquiry into the Petroleum Products Industry, and the facts brought out in that Inquiry illustrated quite clearly the effect of the application of these protective laws and regulations in maintaining a price level above the world price, and particularly the price level in the United States of America. Production in this industry is not nearly as subject to control as in most industries. From 1930 to 1935, the duty imposed on gasoline of comparatively high quality was 2½ cents per gallon. During the depression period, an over-production of crude oil and its products occurred in the United States. This coincided with reduced consumption, and, as a result, petroleum product prices dropped to a new low level in the United States.

The Canadian oil companies had two advantages other than the tariff—firstly, their being firmly established in the market, and secondly the differential on freight rates on crude oil and refined products. This second preferential rate gave to the Canadian companies an advantage of approximately four to five cents per gallon over an importer from the United States of refined products. Even these advantages added to the protective duty were considered insufficient to prevent the importation of large quantities of gasoline and distillage from the United States. As a result, the Dominion Government put in force the use of the fixed value for duty purposes, the arbitrary fixing of a value for duty purposes in terms of Canadian currency and even an embargo, all for the purpose of discouraging or preventing these importations.

The result of the policy of the Dominion Government during the depression period should be noted. Saskatchewan wheat growers normally use large quantities of petroleum products in their farming operations. But by direct intervention by the Dominion Government, the consumers in this province were unable to secure the advantage of the downward trend in prices of these products in other countries, and were compelled to pay the high prices made possible by the application of the tariff and the regulations calculated to make that tariff effective.

The Tariff Board has found that the Canadian companies were using the tariff and the regulations referred to, to maintain prices at a high level in Canada, and, on its recommendation, the duties have been considerably reduced. As a result, considerable quantities of petroleum products are now coming into the Saskatchewan market, and have contributed to a lowering of the price.

The protective tariff has served another purpose in supporting both the volume of Canadian railway traffic and the Canadian railway rate structure:

"The tariff has been designed to compel the movement of manufactured goods from the Great Lakes area over railways to the West and to the East and to force the outlying areas to pay a proportionately larger share of earnings to support the railways. During a period of development the advantages of railway construction and cheaper transportation imply that the burden of the tariff is offset by lower costs of transportation, but with the end of the expansion stage and with competition in world markets from other producing areas, these advantages tend to disappear and a larger share tends to be borne by the outlying areas. The burden may be reduced by statutory regulations such as the Crows Nest Pass Agreement and the Maritime Freight Rates Act or by arrangements such as have been responsible for the movement of wheat to Vancouver, the opening of the Hudson Bay line and the development of water borne traffic to the Maritimes, or it may be offset by an increase in subsidies. In cases in which drought or other difficulties accentuate the burden, relief on a large scale becomes necessary." (7)

With the close of a period of rapid agricultural expansion this heavy annual charge of tariff subsidies on the income of the wheat economy assumes more serious proportions and threatens the wheat growers with a steadily declining standard of living.

"Wheat production in Canada, if it has not already reached its limit, has approached very close to it. The cream has been skimmed off. The marked increase in immigration and in the importation of capital which characterized the period from 1900 to 1914, and to a less extent the period of the war, has shown decided signs of falling off. The effects are cumulative. Falling off in the imports of capital leads directly to a decline in customs receipts and to a decline in railway revenue which benefitted extensively from capital importations. Railway deficits increase along with the decline of important measures of paying for those deficits. The possibility of lessening the burden of the railway rates in the west disappears, and with it the difficulty of competing with the newly-opened wheat producing areas of the world increases. The tariff, especially with the teeth inserted in the application of anti-dumping clauses and order in council, becomes a means of protecting the Canadian manufacturer without compensation in traffic or revenue, and assists in holding up prices as a further burden to western agriculture." (8)

(7) Complementary Report of Dr. H. A. Innis; Province of Nova Scotia; Report of the Royal Commission, Provincial Economic Inquiry (Halifax, King's Printer 1934) p.151.

(8) H. A. Innis, Problems of Staple Production in Canada (Toronto, 1933) pp.104-5.

C. MONETARY POLICY

The Royal Commission on Banking and Currency in Canada (1933) listed as one of the special complexities of the Canadian economy the fact that the British North America Act of 1867 entrusted the Dominion Parliament with exclusive legislative powers regarding banking and currency, and trade and commerce, and at the same time granted the provincial legislatures full legislative control over property and civil rights and direct taxation within their borders. "There is thus," they concluded, "always the possibility of divergence in financial policy between the Dominion and one or more of the provinces and among the provinces themselves." (1) Unfortunately the members of the Commission did not consider it within their terms of reference to analyse the constitutional issue involved, nor to elaborate further such a highly significant statement.

There can be little doubt as to the appropriateness of recalling this statement at the present time, and under the present circumstances; for in its truth lie difficulties which have borne with special severity upon the Canadian West considered as a producer of primary products and dependent upon prices determined in world markets. Particular reference may be directed towards the difficulties faced by Western wheat growers in marketing the crops which they produced in the years from 1929 to 1932 inclusive, difficulties which were undoubtedly aggravated by the "sound money" policy so vigorously maintained by the Dominion government during that period.

It is hardly possible to arrive at any quantitative expression of the additional depression burden imposed upon Western Canadian producers by the pursuit of a monetary policy so incompatible with their special interests. But a review of theoretical sources and of inductive studies covering the period in question, does much to confirm the validity of the plea for monetary readjustment presented by Western members during the early depression years.

The Foreign Exchanges and Canadian Wheat Marketing

The monetary policy pursued at any time by the Dominion government must have important domestic as well as international aspects, but we may arrive at its chief significance bearing on wheat marketing by noting its influences upon the foreign exchanges. The Canadian wheat grower is concerned with the rate of the Canadian dollar in terms of many other national currencies, but the relationships existing as between the Canadian dollar and certain leading currencies including the British pound, the Australian pound, and the Argentine peso—the latter two monetary units being those of Canada's leading competitors in the world wheat market are of special interest to him. Chart I, indicates the varying positions of these currencies in relation to their gold pars throughout the years 1930-33.

(1) Report of the Royal Commission on Banking and Currency in Canada (1933) p.57.

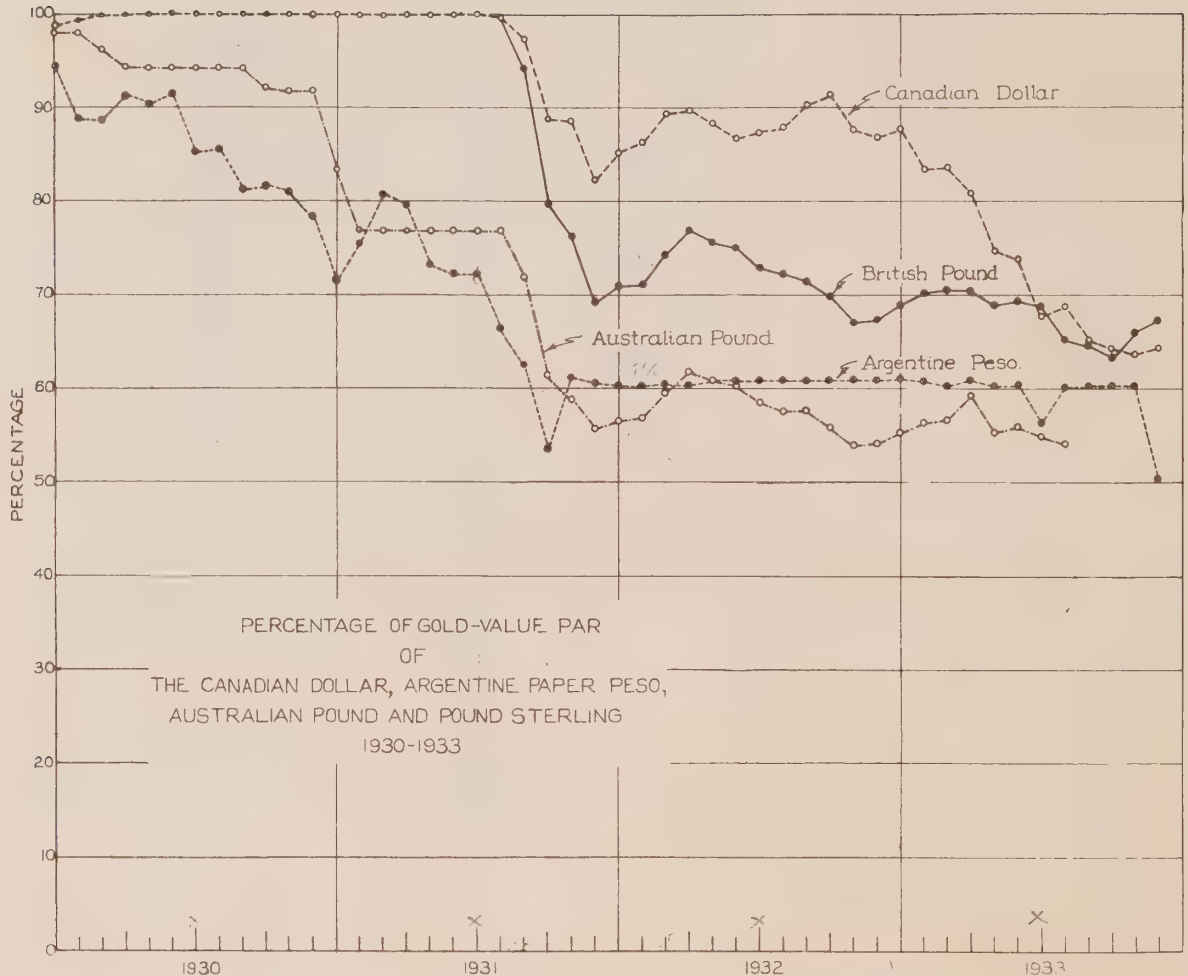


Chart I

Depreciation of the various currencies in terms of gold is not significant in itself, for the Canadian wheat grower. The distinction must be drawn between depreciation in terms of gold and exchange depreciation. Obviously if all relevant currencies, including the Canadian dollar, are depreciated equally in terms of gold, and if we imagine that the depreciation of these currencies has taken place suddenly and simultaneously, it follows that the new exchange relationships would be identical with those obtaining before the depreciation occurred and that competitive conditions in the world wheat market would remain unaltered. Depreciation can occur in terms of gold without necessarily causing exchange depreciation, and it is only with this latter phenomenon that wheat exporters, as such, are concerned.

In order to determine the existence and degree of exchange depreciation for any currency at a point of time, however, a chart which starts at the gold basis is useful. Clearly, differing degrees of depreciation in terms of gold will alter the exchange relationship between any two currencies. To know, for instance, that on a given date the Canadian dollar and the British pound are still gold units of known size, while the Australian pound and the Argentine peso are off gold by some 25 or 30 per cent, makes it possible to determine the resultant influences bearing on competitive conditions in the wheat market. Chart I, and quotations of the gold value of currencies generally, are to be interpreted with these points in mind.

An appreciable departure of the Canadian dollar from gold par occurred only in August 1931 and Britain officially abandoned gold on September 20 of the same year. Thereafter the declines of the dollar and of the British pound were equally precipitate although not of equal proportions. The British pound fell to 70 per cent of its gold value, while the dollar steadied up at 83 per cent and remained consistently above the pound, the significant outcome being, of course, heavy reductions in sterling quotations at Montreal.

The Canadian exchange problem, however, had its origins much earlier than August and September of 1931 and the British departure from gold served to intensify, rather than to originate, the situation. As far back as the early months of 1930, Canadian exporters of agricultural products, notably wheat, were meeting a degree of competition from Australia and Argentina which was rendered unusually severe by the existing currency depreciation of these countries. In January 1930 the peso stood at 95 per cent of its par value, while the Australian pound stood at 98 per cent of its gold value and both currencies were threatening further sharp declines in terms of gold. Meanwhile the pound sterling and the Canadian dollar remained at par. Thus, while the Canadian exporter continued to cash his sterling credits at the old rate (\$4.866), exporters in Australia and Argentina were able to cash their sterling credits at rates in their respective domestic currencies well above the old gold par, the amount of the excess dependent only on the degree of depreciation which they permitted in terms of gold.

Consequent upon these exchange relationships the Canadian wheat grower may be said to have felt the impact of the "sound money" policy of the Dominion government as early as in the marketing of the 1929 crop. By the end of the 1929 crop year (i.e., July 31, 1930) a "sound", or 100 per cent gold Canadian dollar was to be compared with a peso depreciated by 15 per cent and an Australian pound depreciated by about 6 per cent.

In marketing the 1930 crop the position of the Western wheat farmer was rendered more difficult by the continued decline of the peso and of the Australian pound. Throughout the 1930-31 crop year the Canadian dollar held firm on gold, but the peso fell to less than 75 per cent of par and the Australian

pound was temporarily pegged at 76.9 per cent of its gold value, these percentages being significant in that they indicate the degree to which sales of produce in terms of pounds sterling yielded relatively higher prices in terms of the domestic currencies of these countries.

We cannot neglect the so-called "distress" conditions under which the crops of Argentina and Australia came onto the world markets in the early years of the depression, but we must also give proper weight to the competitive advantage derived by these countries from the depreciation of their currencies. Though neither the 1929 nor the 1930 Canadian wheat crop was unduly small, still Canada experienced substantial losses in the marketing of these crops, both in regard to her share of the British market and of world trade. During these years instead of retaining the one third of the British market, which she had formerly held, she occupied less than one quarter; and instead of providing more than 40 percent of world movements, she accounted for only 33 per cent. This situation was reflected in the accompanying decline in domestic wheat prices and No. 1 Northern cash wheat (basis Fort William) which had averaged roughly \$1.20 per bushel for the 1928-29 crop year, ended the 1929-30 crop year with an average for July of 95.1 cents and the 1930-31 crop year with a July average of 57.3 cents. Furthermore, in two years (July 31, 1929, with July 31, 1931) the Canadian carryover had increased from 104 to 134 million bushels.

When Canada moved into the 1931-32 wheat crop year (August 1, 1931) market prospects were uncertain with the existence of an unusually heavy carryover, a new crop of 321 million bushels, an extremely low domestic price and the menace of increasing depreciation of the exchanges of competitive countries. Still greater difficulties and complexities were created in September, however, by Great Britain's abandonment of the gold standard. Then, and then only, did the Canadian dollar fall materially from gold par; but as it fell, the British pound fell also, and considerably farther. At the same time the Australian pound and the peso sagged by additional amounts calculated roughly sufficient to retain their previous depreciation, and quotations, in terms of sterling. After various oscillations the currencies in question closed the calendar year, 1931 with the following discounts in terms of gold: Canadian dollar, 13 per cent; British pound, 33 per cent; Argentine peso, 39 per cent; and the Australian pound 46 per cent. As the American dollar was still a gold unit, it was now possible to describe the exchange situation as one in which the Canadian dollar was suspended midway between the American dollar and the British pound.

It is well to note at this point what was involved in the exchange relationship obtaining after the British departure from gold. To say that Australia and the Argentine depreciated by sufficient additional amounts to maintain roughly their old positions to the British pound is not to argue that the situation was unaltered from the Canadian exporters point of view. Only

if Canada had depreciated her currency to a point sufficient to retain parity with the new British pound, would it have been a fair approximation to say that Britain's abandonment of gold would have done little to affect competitive conditions in the world wheat market. But Canada did not depreciate to the same extent; she maintained her dollar well above par in terms of British exchange, with the result that the competitive position of prairie wheat growers in the world market was worse than before. For the 1929 and 1930 crops, while producers in Australia and the Argentine had been translating sterling into their own monetary units at rates up to 30 per cent above the gold standard figures, Canadian producers had exchanged their sterling accounts at the old gold rate of \$4.866. For the 1931 and 1932 crops, however, Australian and Argentinan producers largely maintained their sterling exchange bonuses, but in Montreal the British pound consistently yielded less than the old gold rate. It was during this period that the price of No. 1 Northern cash wheat at the head of the lakes fell to less than 40 cents, basis Fort William-Port Arthur. On December 16, 1932, the December future sank to 38c, rallying to close at 39 $\frac{3}{8}$ cents.

Exchange influences were largely nullified, in so far as they concerned competitive advantages in the export market, before the Canadian wheat crop of 1933 began to move into trade channels. Active depreciation of the American dollar began in April of that year and the summer months were characterized by the adjustment of the five currencies, including the United States dollar, at exchange quotations not far removed from those obtaining on the pre-depression gold basis. All five currencies settled at valuations close to 60 per cent of their former gold values. It is fair to conclude, therefore, that the special competitive handicap imposed upon Canadian wheat growers by the continuance of a policy which over-valued the dollar in the foreign exchanges, was largely eliminated by the beginning of the 1933-34 crop year.

The Issue in Parliament

The significance of the "sound money" policy of the Dominion government was fully recognized by Western leaders at the time. The issue was clearly and repeatedly presented in the Dominion Parliament, particularly in the 1931 and 1932 sessions. Western members persisted in the statement of their belief that the maintenance of the Canadian dollar, first at gold par, and later at a considerable premium over the British pound, was placing upon the shoulders of the prairie wheat grower an additional burden.

While Western members in the House continued to urge a change of monetary view point in order to ease the burden of Western agriculture, the government of the day never wavered in its allegiance to the doctrine of "sound money". In answer to charges that conditions of acute distress prevailing in the wheat economy were aggravated by the monetary policy being followed, the government thought it sufficient to point to the desirability of a dollar that

would be recognized the world over, to recall the pledge given by the Prime Minister that "we would continue to meet our obligations in gold where we had promised to pay in gold", and to indicate that an already crushing burden of foreign maturities would be rendered practically intolerable by the addition of any considerable amount of foreign exchange charges. Some "sound money" members argued that monetary depreciation would cause a rise in domestic prices and costs sufficient to nullify any of the potential gains in the export market, the implication being that this adjustment would be automatic and immediate. This view continued to carry weight although it was frequently pointed out that domestic prices could scarcely be expected to reflect the full depreciation of the Canadian dollar. Not a few members pictured the disaster which might arise from unbridled "competitive depreciation" among exporting countries but showed little fear in the face of the very real dangers which arise from "competitive deflation". Throughout the discussions, however, there moved the spectre of the Prime Minister's "25 cent dollar", amid ominous warnings regarding the nemesis pursuing debtor countries which break faith.

The Impact of Canadian Monetary Policy on the Wheat Economy

To many it might seem a truism that a monetary policy which is beneficial or protective for Canada as a whole must, of necessity, be equally beneficial for all of the component parts. Nevertheless a given monetary policy may impose heavy burdens upon particular regions or upon economic groups within the national framework. Whether or not such a policy finally fulfills all expectations regarding the general welfare of the nation is another story.

To speak of deflation, as is so commonly done, as a situation wherein more or less serious price declines occur, is to speak correctly and yet to conceal more than half the truth. The really significant factor in deflation is the irregularity with which the price declines occur, the cumulative effect being that certain groups are in an increasingly exposed position while others remain comparatively sheltered. The phenomena of "sticky" prices, of overhead charges and of rigidities of all sorts within the price structure, are at the roots of the pressure of deflation; and an understanding of their prevalence is prerequisite to an appreciation of the pressures to which certain groups are exposed in a period of deflation. (2)

No other group, probably, finds itself in so vulnerable a position at the first onset of a deflation as does agriculture, most particularly a highly specialized agriculture dependent on world markets. On the other hand certain groups

(2) "Thus a change in prices and rewards, as measured in money, generally affects different classes unequally, transfers wealth from one to another, bestows affluence here and embarrassment there, and redistributes Fortune's favours so as to frustrate design and disappoint expectation." J. M. Keynes, *Essays in Persuasion*, (London; MacMillan, 1931) pp.80-1.

undoubtedly find themselves in an improved position during the progress of a deflation. In certain cases this improvement is absolute, in others it is relative—that is, in comparison with the situation of other groups in the economy. But the economic position and standard of living of agricultural producers is always seriously impaired by deflation. Chart II shows the unequal impact of deflation upon an economy embodying a wheat export group as one of its important elements.

We have sketched the essential outlines of the depression burden for agriculture in terms of rigidities of costs, on the one hand, in the face of drastically declining income, on the other. It is well at this point to draw attention to the bearing which a disparity between costs and prices has on the question of monetary policy.

In theory a disparity between prices and costs should be corrected by a paring down of costs. But to argue that farm costs can, within the limits of time established by the urgency of the case, be reduced by fifty to sixty per cent, is to under-estimate the fixed items in the farm cost structure. Whatever a "sound money" policy may have to offer the nation as a whole when faced by world-wide deflationary forces, we may safely conclude that its rigorous application must mean wide-spread insolvency in agricultural areas. Similarly, whatever results might accrue to the Dominion as a whole from the pursuit of a monetary policy designed, in the face of deflation, to depreciate the national currency in terms of the monetary units of leading customers and competitors, there is some reason to believe that the removal of substantial proportions of the disparity of the agricultural cost-price structure would thereby be rendered possible. There is a sound basis for the distinction between inflationary monetary policies, on the one hand, and those which are merely anti-deflationary, or "reflationary", on the other.

Monetary Policy and Export Prices

To hold that a burden is placed upon the agricultural export group by the pursuit of a "sound money" policy is to be met by the assertion that the source of the burden has been misconstrued, that the trouble lies in world-wide deflationary forces and should not be attributed to the avowed policies of any one country. This is, of course, correct and obvious. But there remains the fact that national policies may be couched in terms designed, either to mitigate the thrust of these world-wide forces, or to leave certain vulnerable groups exposed to their full rigors.

There are those who deny the possibility of benefits accruing to carefully controlled depreciation in terms of gold (or, again, in terms of the currencies of leading customers and competitors), even for the group of export producers. The question is an open one and, undoubtedly, the burden of proof lies on us. We must demonstrate the grounds for our belief that a "sound money" policy

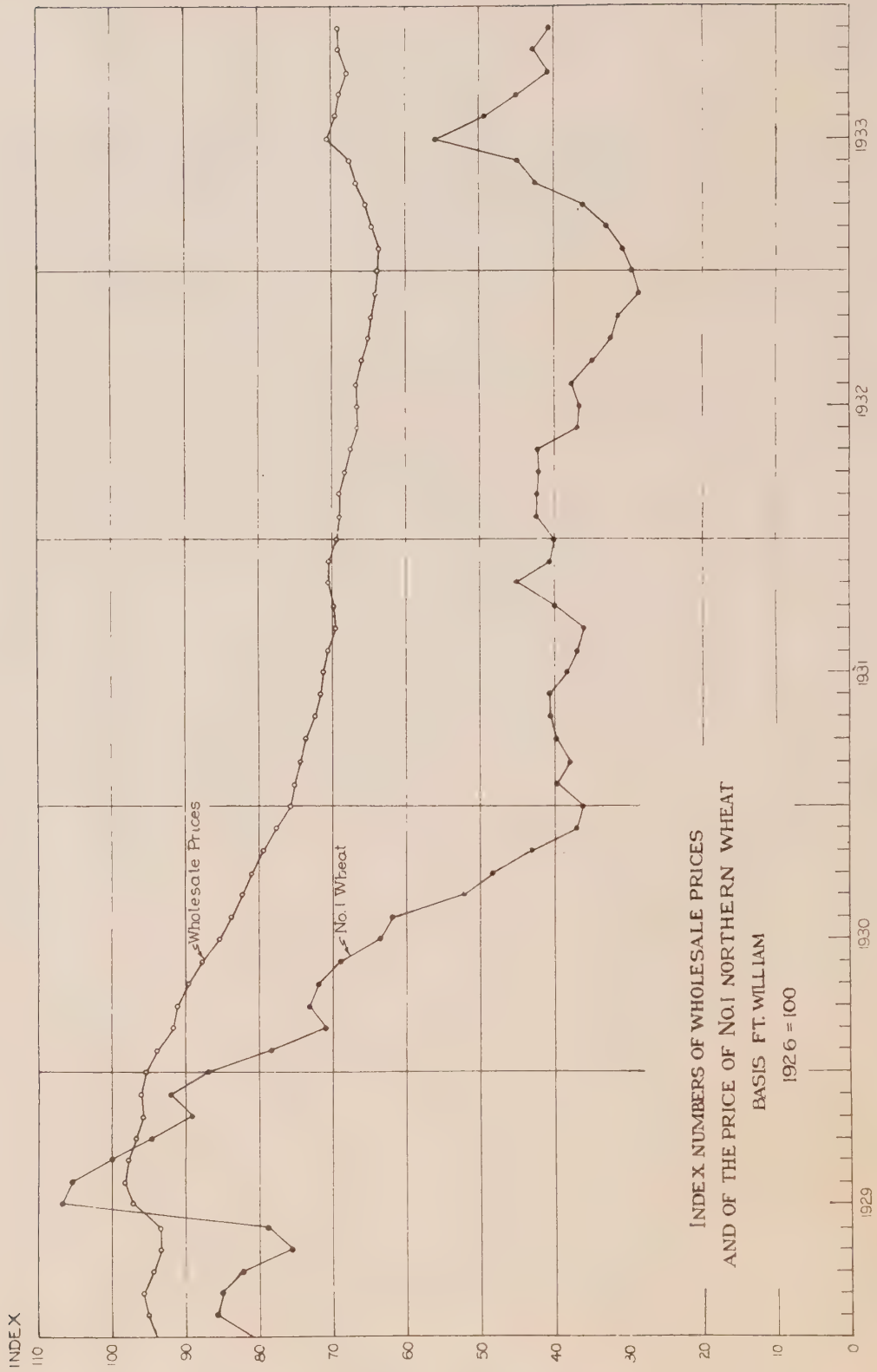


Chart II

has deprived the west, as a producer of agricultural exports, of some potential mitigation of deflationary hardships. We are not at this particular point concerned with the bearing of monetary policy upon the national economy, but only with its bearing upon western agriculture.

Other currencies remaining unchanged, it follows that a country which depreciates its monetary unit will find that the price received for its exports in terms of its own currency, will rise relatively to the world price. Exporters can take a given number of units of foreign currency and exchange them into a greater number of domestic units. This simple formula does not however, prove the case either for, or against, exchange depreciation. Advocates of depreciation are prone to quote it blindly; while opponents of such monetary action argue that the new ratio between domestic and world prices is achieved, not by an increase in domestic price, but by a fall in the world price. Exporters, they point out, obtaining greater returns in terms of domestic currency, will export more, thus depressing the world price to a new low level.

Advocates of exchange depreciation would do well to admit the possibility of diversion of domestic supplies to world markets, for it undoubtedly does occur. But it does not follow that the sole price influence is to be found in depressed world values. Elasticity of demand for, and inelasticity of supply of, a commodity may be considered the conditions tending to permit exchange depreciation to work out its influence by raising the domestic price, rather than by depressing the world price:

"The ideal situation for raising the price of any particular export commodity through depreciation might be considered one where nine-tenths or more of the product is sold abroad and yet foreign sales are only one-tenth or less of the total sales in foreign markets." (3)

Though these ideal proportions seldom occur, approximations are found within the realm of relevant experience. Professor Harris supposes that Brazilian and Egyptian cotton might meet the test. Regarding the expectation as to the influence of depreciation on the domestic price of wheat we may contrast Australian and Argentina, on the one hand, with the United States on the other. Neither of the former countries produces more than a very small proportion of the world's wheat output—though their shares of world trade are somewhat larger than are their shares of world output—while at the same time each one normally exports a predominant part of its total output. Thus depreciation by either of these two countries, in terms, say, of sterling, might be expected to raise the domestic price of wheat without unduly depressing

(3) Harris, S. E., *Exchange Depreciation, its Theory and its History, 1931-35 with Some Considerations on Related Domestic Policies*, Harvard Economic Studies, Vol. LIII (Cambridge: Harvard University Press. 1936) pp.33-4.

the world price. The United States' proportion of world production is not large, but is considerably above that of either Australia or Argentina; but, of much more significance, this country normally exports only a small proportion of its output. As a result, any diversion of American wheat from domestic to foreign markets of sufficient magnitude to influence domestic prices, would unduly depress world prices.

While Canadian figures regarding wheat do not reach the ideal established in Professor Harris' hypothetical case, still they tend toward them. Canada's share of world wheat production approximates 5 per cent; her share of world trade is much higher, between 35 and 40 per cent; and over the ten-year period 1927-28 to 1936-37, her exports approached 70 per cent of her domestic output. The substantial proportion of world trade accounted for by Canada militates against exchange depreciation (say in terms of sterling) as a means of raising domestic prices. The demand for Canadian wheat is not so elastic as is the demand for Argentine wheat, for example. But with such a high ratio of exports to production, we may say that the supply of Canadian wheat is relatively inelastic, a condition designed to permit an increase in domestic wheat prices without an unduly depressing effect on the world price.

Another consideration is relevant at this point. In recent years there has been much talk to the effect that the unbending price attitude of the Canadian wheat producer throughout the early depression years served to acquaint the British millers with the fact that other wheats, notably those of Argentina and Australia, might be used as satisfactory substitutes for the Canadian product; furthermore, that repeated performance of this act of substitution has served to establish a bias in favour of the substitute products, simply through the cumulative force of habit. Undoubtedly some such transfer has occurred in European demand for competing wheats. The alteration of habit in this regard involves consequences which should not be minimized.

It is possible to argue that the desire of the Canadian wheat producer to avoid selling his wheat at a sacrifice price may have had some influence on shifted demand habits. As against this we urge consideration of the fact that the possibility of substitution of Argentinian and Australian wheat for Canadian wheat was established in Britain during those years when the "sound money" policy of Canada made effective a 100 per cent gold dollar, while at the same time the Argentine peso and the Australian pound were depreciated in terms of sterling by amounts ranging as high as 30 per cent. It cannot be maintained that the shift in demand habits for competitive wheats occurred entirely independently of the exchange relationships which obtained in the early depression years.

Australian Experience

Australian depression experience has attracted considerable attention in many quarters, and it will bear brief examination here because of the undoubted

similarity in structure between the Australian and the Canadian economies. It is not necessary to press this similarity too far; but it is correct at least to say that both countries entered the world depression as "dependent economies", i.e., as important producers of raw materials for world markets, and with heavy foreign obligations. The first impact of the depression, then, was largely upon the same groups in each case, notably upon agriculture as an industry dependent upon export outlets.

Australian reaction to the serious impairment of income occurring from the onset of the depression was at first identical with that of Canada, to treat it as a temporary reverse and to apply temporary measures. Substantial foreign balances were thrown in lavish support of the thesis that the pound must remain at par. Early in 1930 import duties were raised sharply—in the face of the findings of the 1929 tariff enquiry that tariff costs were already retarding the growth of export production—and embargoes were imposed on certain luxury imports.

Had Australia persisted in the application of these and similar policies, which policies are the inevitable expression in practice of a staunch faith in "sound money", there would be no point in drawing a comparison between the Australian depression narrative and that of Canada. It is significant, however, that Australia, very early in the depression scrapped consideration of sound money, and turned to evaluate her recovery measures in terms of an entirely different concept, that of the "national income." The contrast between Canadian depression experience and that of Australia may well be interpreted as the logical respective outcome of policies designed to preserve — in Canada, "sound money", and in Australia, the national income. ✓

As early as September, 1930, Australian economists interpreted the situation in reference to the latter concept. (4) The national income had already declined, they estimated, by 10 per cent. The decline had not been uniform, but had been borne almost exclusively by certain groups, notably export producers, common-stock holders and the unemployed. Of chief significance, however, was the conviction of the economists that "the first problem of economic readjustment is to distribute the first loss of income fairly among all classes according to their capacity to bear the burden." (5) The policy of depreciation of the Australian pound in terms of sterling, adopted on an appreciable scale early in 1931, was designed specifically to facilitate the equalization of the income impairment as among the various classes in the community. "Equality of sacrifice" while alleged to have potential anti-deflationary powers, was also considered an equitable and highly desirable goal in its own right.

(4) See "A Plan for Economic Adjustment" in D. B. Copland, *Australia in the World Crisis, 1929-1933*, (London: Cambridge University Press, 1934) p.37.

(5) *Ibid.*

Too much stress cannot be laid upon this phase of the Australian recovery philosophy, particularly in the light of Canadian experience. Advocates of exchange depreciation for Canada, during the same crisis, were met with the rebuff that, at best, such action could but shift the burden from exporting groups to the community at large. The tacit assumption was that the economic distress could be localized, that the vulnerable groups must bear with fortitude their unequal burdens, sustained by the faith that their martyrdom was but the price of the sanctity of contract and of the credit of the Dominion. In any case, no policy which might lead to a diffusion of income impairment, or to the decline of the dollar, was to be countenanced.

In striking contrast to the fruits of the Canadian "sound money" policy are those of the Australian policies relating to national income. Not only did the leaders of the Commonwealth not seek to gloss over the fact that the currency depreciation would shift much of the depression burden, they actually sought to establish such intermediary results as the *sine qua non* of any degree of recovery. The fact, for example, that depreciation of sterling was increasing the foreign-debt service charge from 21 million to 28 million pounds was not considered of sufficient importance to prejudice the plan. It was taken, rather, to represent the transfer of a part of the burden, otherwise borne chiefly by exporters, to the shoulders of the community at large, and therefore to be considered highly desirable.

It is not to be inferred that Australia warded off all vestiges of domestic deflation by means of the policies employed, nor is it true that depreciation was her only means toward recovery. Inflationary measures went hand in hand with a vigorous attack upon costs, notably by reduction in the basic wage and by refunding operations. It is probable that the early and substantial depreciation of the Australian pound in terms of sterling did moderate the impact of deflationary forces. Chart III indicates considerable dissimilarity as between the wholesale price indices of Australia on the one hand, and those of Canada and the United States on the other. (Australian data from the Commonwealth Statistician's Melbourne Index, as cited in Copland, *Australia in the World Crisis*, p.200)

In any event, and of most significance for this analysis, Australian monetary policy during the depression was made to conform rigorously to the ultimate standard that particular groups within the community should not bear alone the full burden resultant from world-wide deflationary forces.

Exchange Depreciation and Foreign Debt-Service Charges

It does not matter what case may be advanced for exchange depreciation by an export agricultural group faced by a drastically deflationary situation, there remains the obvious fact that such a line of action (if carried to an extent

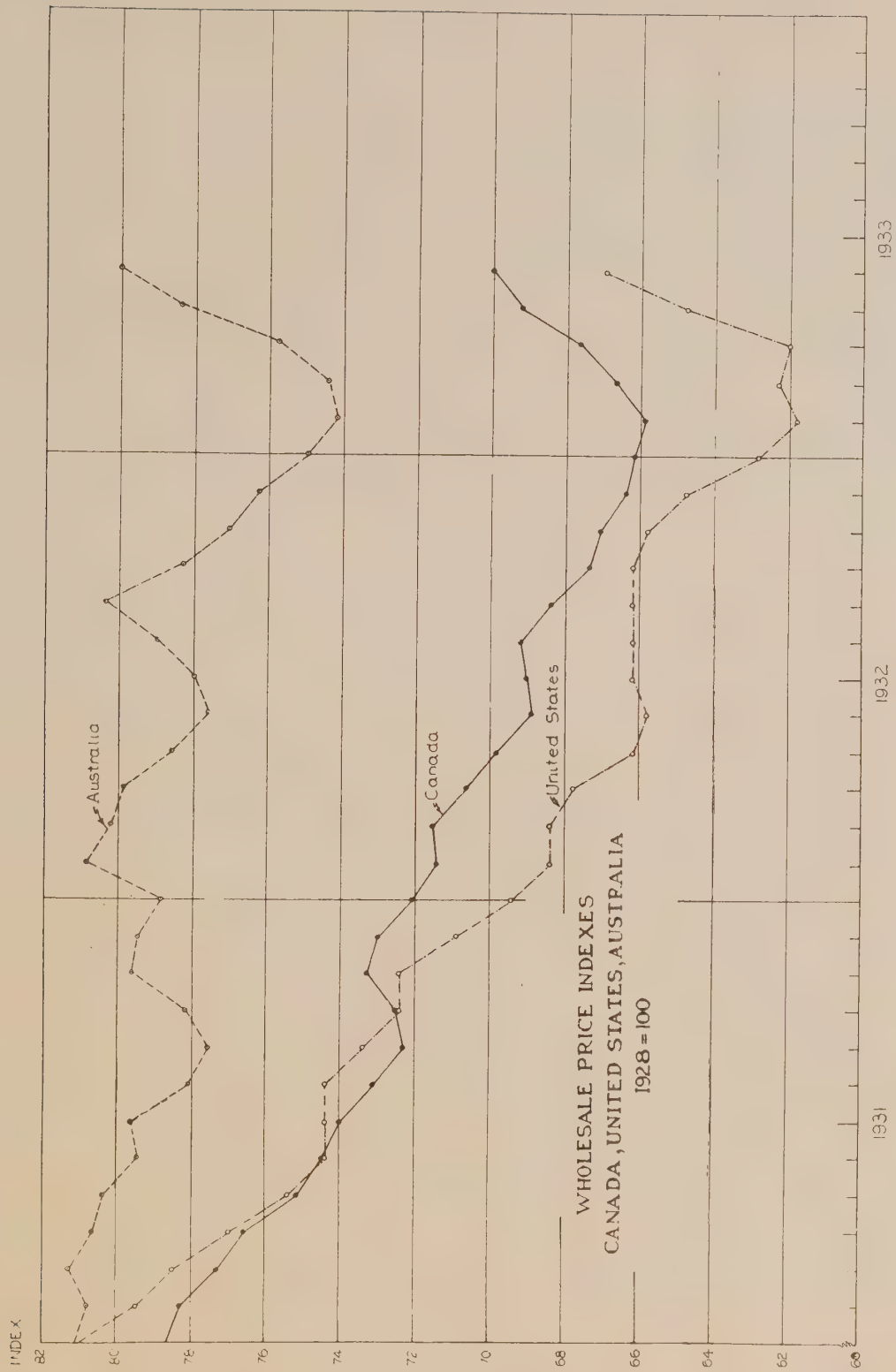


Chart III

greater than that which applies to the currencies of creditor countries) must increase the burden of foreign debt-service charges. Certainly no other argument was used with such telling force and with such finality when the issue arose in the Canadian House of Commons in the early years of the depression. When the discussion had reached its height in the 1932 session, and when the forces favouring depreciation appeared to be pushing hard against the "sound money" group, the then Prime Minister (Rt. Hon. R. B. Bennett) silenced all arguments with a reference to the size of Canadian obligations maturing abroad, and with the ex cathedra utterance that a contract to pay in gold must be paid in gold—otherwise "our credit was gone." His statement of the case follows:

We have maturing outside of Canada this year practically one million dollars a day of obligations of governments, municipalities and public corporations, representing either payments of principal — instalments of principal, if you will — or payments of interest. (6)

Viewing Canada's external debt situation in the light of the Prime Minister's statement it is easy to see additional exchange depreciation as, possibly, the "last straw" which, had it been permitted, might have strained the Canadian economy beyond the breaking point, have caused wide-spread default on government account and seriously undermined the credit of the Dominion. Should the Canadian dollar have been allowed to depreciate 20 per cent off the American dollar, for example, a debt payable in New York dollars would have cost \$1.25, Canadian funds.

Without wishing in any way to minimize the added budgetary burden accruing to depreciation greater in proportion than that true of creditor currencies, it must be said that some aspects of the problem remain to be examined. To say that obligations abroad must be met in gold, or in creditor currencies is to ignore entirely the possibility of refunding operations. To say that refunding cannot be carried on in foreign markets if depreciation occurs is to beg the question. Cases are on record where overt and substantial depreciation has failed to prejudice the credit of the country abroad. (7)

Finally, to argue on the basis of the added number of domestic monetary units required to meet a given foreign maturity is to leave out of consideration the distinction between a "nominal" increase, and a "real" increase, in the debt burden. It is to centre attention upon the significance of a given number of

(6) Debates of the House of Commons, Session 1932, Vol. 1 p.646.

(7) Copland states that the action of New Zealand in depreciating her currency from 10 to 25 per cent on sterling, January, 1933, had no reaction on New Zealand's credit in London. *Op. cit.*, p.105, n. This statement is supported by the stability of London quotations on New Zealand bonds over the period in question.

dollars, or pounds, or pesos, or whatever the unit may be, without giving any recognition to the obvious fact that the real burden upon the taxpayer can be measured only by the difficulty or ease with which the sums are raised. Some would go so far as to argue that controlled exchange depreciation might check the decline in export values and the tax-paying power, and sustain the domestic economy at a level sufficiently above that which would be reached without the exchange stimulus, so that the resultant increase in debt-service charges might be much more than compensated for.

Australia depreciated on the basis of such reasoning. She saw, with equanimity, an external debt-service charge of 21 million Australian pounds increase to one of 28 millions; and it was on the reasoned opinion of her economists that while the nominal charges were thus increased, the real burden was actually reduced. Sir Otto Niemeyer had told the Premier's Conference in August 1930 that "rising exchange rates prejudice the whole fabric of national finance." (8) In answer to this generalization Professor Copland referred to the existing world-wide deflation and to its peculiar impact on the Australian export economy, and concluded:

In these circumstances, a rising exchange rate so far from prejudicing the fabric of national finance, may be the chief means of preventing serious financial disorder and ensuring the payment of external interest charges.
(9)

It is clear that the burden added to budgets over any period of time, due to the necessity of meeting gold, or foreign, obligations by means of domestic monetary units of depreciated value, is a determinate item. For instance, on Saskatchewan maturities in 1931 and 1932 totalling \$5,000,000, exchange charges amounted to \$754,899.12, or approximately 15 per cent on the face of the securities. Similarly exchange charges on Saskatchewan coupons were as follows:

1931-32	-----	\$195,503.
1932-33	-----	358,748.

It is possible to ascertain the exchange charges which have been paid by political units over any period in the past and it is equally possible to estimate the exchange burden contingent upon a given anticipated degree of depreciation in terms of creditor currencies, over a period of time. To do so for Canada would necessitate a detailed analysis of the public debt figures for all governmental units within the Dominion—federal, provincial and municipal. It would necessitate a classification of those figures, to indicate where and in what currency or currencies the various issues were payable. It would further require

(8) Ibid, p.102, n.

(9) Ibid.

that a distinction be made between issues maturing within the period under consideration and those maturing later. This latter distinction is necessary because of the fact that, on maturities, the exchange charge applies to the principal, while on obligations not yet due, exchange charges apply only on interest. A sweeping statement regarding the public debt of the country is not sufficient to indicate even the monetary — that is, the nominal — increase in budgetary loads to be expected from a given degree of exchange depreciation. Finally, to speak even in terms of foreign maturities, while one step closer to relevant data, is still not enough. While the Canadian dollar was “suspended” midway between the United States’ dollar and the British pound, maturities in New York involved exchange burdens for Canada, compensated, at least in part, by sterling maturities redeemed at the same time at a discount.

In an effort to secure additional information on the burden of exchange on debts held outside Canada, in the early depression years, we requested Dr. Clark, Deputy Minister of Finance at Ottawa, to provide us with materials from which we might arrive at a statistical approximation of the desired information. Unfortunately, he was compelled to inform us that much of the data requisite to such an investigation — notably those concerning the provinces and the municipalities — was lacking. He did, however, provide information as given in Table I to indicate the distribution of Dominion bond issues as among the various money markets for the period in question.

TABLE I

Dominion of Canada Bonds Outstanding (a) as at March 31
(in thousands)

Payable in	1930	1931	1932	1933
Canada	\$1,715,831	\$1,671,334	\$1,881,542	\$2,013,281
Canada and New York ..	91,041	131,041	131,041	91,041
New York	165,000	265,000	240,000	300,000
London	311,668	311,668	311,668	311,668
	<u>\$2,283,540</u>	<u>\$2,379,043</u>	<u>\$2,564,251</u>	<u>\$2,715,990</u>

(a) Data reduced to round numbers from Deputy Minister’s original statement.

Notable throughout this table is the preponderance of Canadian holdings, even granting the indeterminateness of the issues described as payable in “Canada and New York.”

As pointed out above, however, holdings of public obligations do not constitute maturities. And until the point of maturity is reached, exchange charges relate only to the annual interest item. When the obligation falls due,

exchange charges relate finally to the principal sum. Consequently there is significance attaching to the data given in Table II, which Dr. Clark has kindly provided regarding Dominion maturities.

TABLE II

Dominion of Canada Loan Maturities
January 1, 1930, to December 31, 1933*

Maturity Date	Where Payable	Amount
Feb. 1, 1930	Canada	\$ 20,000,000
Dec. 1, 1930	Canada	45,000,000
April 1, 1931	New York	25,000,000 ✓
May 1, 1931	Canada	638,609,000†
Oct. 1, 1931	Canada	14,303,900
Nov. 1, 1932	Canada	34,449,950
Dec. 1, 1932	Canada and New York	40,000,000
Aug. 1, 1933	Canada	50,000,000
Oct. 1, 1933‡	New York	60,000,000
Nov. 1, 1933	Canada	169,971,850

* Excluding temporary borrowings from banks.

† This was a conversion of bonds maturing as follows:

Oct. 1, 1931	\$ 38,625,700
Nov. 1, 1932	37,523,200
Nov. 1, 1932	285,772,300
Nov. 1, 1933	276,688,100

‡ Called July 1, 1933.

Again the preponderance of the domestic item is significant. Of maturities totalling roughly 1.1 billion dollars over the four year period, foreign maturities amounted to but 125 million.

As the nearest approximation of provincial and municipal data, Dr. Clark submitted the estimates of A. E. Ames and Company. This data appears in Table III.

This data indicates the bonded indebtedness of the provincial and municipal units to be much more equally divided as between domestic and foreign creditors than was true in the case of the Dominion. Of the estimated direct obligations of the provinces and the municipalities at the given date, Canadian holdings were approximately equal to the foreign holdings, New York and London included. Including the contingent liabilities, domestic holdings predominated the foreign by a small margin.

TABLE III

Estimated Provincial and Municipal Bonded Indebtedness
as at January 1, 1933

Provincial		
Direct—	Payable in Canada	\$328,089,894†
	Payable in United States	769,198,150‡
	Payable in London	92,665,986
		<hr/>
		\$1,189,954,030
Guaranteed—	Payable in Canada	91,509,735
	Payable in United States	56,074,326
	Payable in London	74,258,544
		<hr/>
		\$ 221,842,605
Municipal		
	Payable in Canada	914,540,546
	Payable in United States	314,945,200
	Payable in London	93,608,320
		<hr/>
		\$1,323,094,066

† “Payable in Canada” figures include all such bonds, whether payable in dollars or sterling.

‡ “Payable in United States” figures include bonds optionally payable in United States.

Granted that the data regarding the provinces and municipalities constitute only an estimate, and granted that this estimate relates to January 1, 1933, while Dominion figures relate to the close of the fiscal year (March 31), it is nevertheless valid to sketch the following picture of the bonded indebtedness of the various political units within the Dominion (the federal unit included) as in the early months of 1933. In round numbers the total bonded debt for all units approximated 5,500 million dollars. Of this total 3,400 millions were payable in Canada—some in sterling; 1,500 millions were payable in New York—some optionally; and 600 million was payable in London.

It is on the basis of such an analysis as this that we urge the importance of the distinction between a “nominal” increase and a “real” increase in debt burdens. Exchange charges constitute an increase in the number of monetary units required to pay a debt of a given face value, but such charges apply only to maturities of interest and principal payable in currencies which are at a premium in terms of the domestic currency. It is quite true that such charges may constitute an increase and a substantial one, in the “real” debt burden, providing there is no additional source of taxation.

Of equal truth, and of far more importance, however, is the fact that deflation ordinarily leaves the face value of debts unchanged, yet increases their actual effective burden to a degree limited only by the extent to which the

deflationary forces are permitted to work themselves out. Thus, granted that a "sound money" policy is successful to the extent that it protects the taxpayer from the imposition of the few million dollars requisite annually to validate a depreciated currency in terms of creditor currencies (or gold, if required by debt contracts) there remains for consideration the fact that, in its essentially deflationary nature, such a policy will have increased the severity of the burden of all debts upon all debtors. And in this case the added burden applies not only to current foreign maturities of public obligations (principal and interest) but to all public maturities, whether payable abroad or at home, and to all private maturities, wherever payable.

Moreover, this further distinction must be made. If we are permitted to assume a domestic tax system wherein levies are imposed, as a rough approximation, according to ability to pay, it follows that increases in foreign-debt charges arising from exchange depreciation will be apportioned throughout the national economy on the basis of a principle generally recognized as equitable. The same cannot be said for the increases in debt burden resultant from deflation. Such increases relentlessly seek out vulnerability, rather than ability to pay: for, granted only that debt exists, the increase in its actual burden, due to deflation, is in direct proportion to the extent of the loss of income attributable to the same cause.

To a community of export producers such a debt analysis as this is real and of vital importance. Leaders in such a community are fully aware of the potential validity of a "sound money" policy in terms of the well-being of the national economy. No efforts which are put forth to avoid increases in foreign debt burdens, and to preserve the credit of the Dominion, and of its integral political units in foreign markets, can pass without commendation in any part of the country. Nevertheless, the export producer is aware that his income suffers first, and to a greater extent than that of almost any other group, since a policy of "sound money" allows deflationary forces to work out their full effects; and he is as fully aware that his debt burden, though of unchanged face value, increases directly in proportion to the decline in his income.

This submission is not to be considered as an argument for inflation. It is not suggested, moreover, that the "sound money" policy was unwise when applied to Canada as a whole. Assuming that from the standpoint of the national economy it was desirable to postpone inflationary measures, the fact remains that the western producer suffered from the postponement. This is very evident as a result of comparisons with the agricultural producers of other nations. Looked at in this manner the western farmer made a sacrifice for the rest of Canada, but a sacrifice that brought distressing results upon him. Many westerners are not free of the belief that such sacrifices are frequently called for as a result of the centralization of power in eastern Canada.

D. LACK OF MANUFACTURING

It is difficult to urge that the economic life of the province has been prejudiced by the fact that the growth of manufacturing has been so slow except in connection with the further fact that prosperity has depended in the past upon the production of a single commodity. There is a relation between these two factors which is difficult to analyse as a matter of cause and effect.

It will be readily admitted that manufacturing occupies a relatively minor role in the life of the province. Table I is designed to indicate the status of manufacturing in the prairie provinces as compared with Canada as a whole. Taking the figures for 1933 it can be calculated that the number of persons employed in manufacturing in Saskatchewan constituted something over one-half of one per cent of the population of the province, while almost five per cent of the population of Canada as a whole were similarly employed. Almost three per cent of the population of Manitoba and about one and one-half per cent of the population of Alberta were so employed.

TABLE I

Comparative Statistics on Manufacturing for Certain Years*

	Manitoba	Saskatchewan	Alberta	Canada
1910				
Number of Employees	17,325	3,250	6,980	515,203
Salaries and wages	\$ 10,912,863	1,936,284	4,365,661	241,008,416
Capital Invested	\$ 47,941,540	7,019,951	29,518,346	1,247,583,609
1920				
Number of employees	24,481	7,182	11,387	609,586
Salaries and wages	\$ 33,357,872	10,249,392	15,903,609	732,120,585
Capital invested	\$112,896,616	31,727,162	61,063,132	3,371,940,653
1930				
Number of employees	26,488	7,248	14,099	644,439
Salaries and wages	\$ 33,941,235	9,229,593	17,092,033	736,092,766
Capital invested	\$188,413,164	65,486,140	109,930,271	5,203,316,760
1933				
Number of employees	20,749	5,614	10,944	493,903
Salaries and wages	\$ 20,699,449	5,871,180	10,896,132	465,562,090
Capital invested	\$179,720,120	64,950,579	98,345,221	4,689,373,704

* From "The Prairie Provinces in Their Relation to the National Economy of Canada," (Dominion Bureau of Statistics, 1934) p.78.

The same matter may be illustrated perhaps more fairly, by reference to the percentage of the gainfully employed who are engaged in manufacturing. According to the 1931 census, 2.71 per cent of the gainfully employed of Saskatchewan

were so occupied as compared with 9.76 per cent in Manitoba, 4.84 per cent in Alberta and 16.08 per cent in all Canada. The growth of manufacturing in Manitoba has been comparatively rapid.

It is not contended that a large scale development of manufacturing in this province would be advantageous. It should be pointed out, however, that the lack of manufacturing and the comparatively small urban population has been a factor against a diversified agriculture. The local market for farm produce is very limited and under such circumstances wheat has been the most profitable crop. All of which has meant a hazardous economy for the province.

It may well be argued that a better-balanced economy would result from a development of manufacturing in the province to some degree. Development of the processing industries, particularly for the supplying of local needs, might well be looked for. Lack of credit and competition with industries already firmly established outside the province, have been among the factors making progress difficult.

If the province can be put in a position to undertake a program of development, particularly of power and mineral wealth, a better balanced economy for the province, including some increase of manufacturing will no doubt result.

E. LACK OF IMPROVED HIGHWAYS

The Government of Saskatchewan desires to make certain representations to this Commission with respect to highway construction within the province. Approximately one-half of the province has been subdivided into sections and road allowances. A small portion of the province is subdivided into sections with a 99 foot road allowance on all sides. In the balance of the subdivided area there is a 66 foot road allowance running north and south every mile with an allowance of the same width running east and west every two miles. The total length of these road allowances is 210,000 miles.

When the Province of Saskatchewan was formed in 1905, virtually no roads at all had been improved, as the population was sparse, and scattered over an immense territory. People were still using the trails and roads of pioneer days which came into being through use and not through construction. With a rapidly increasing population, the construction of highways became necessary.

From 1905 to 1910 responsibility for the construction of roads and bridges rested on the newly organized province. In 1910 the present organization of rural municipalities was set up, and from that date to 1922 responsibility for road improvement was placed on the rural municipalities assisted by grants from

the province. The rural municipalities were not equipped to look after the construction of the larger bridges of a span of 20 feet or over, and this has been done almost entirely by the province from 1905 to the present time.

In the year 1922, the government decided that it would commence the construction of provincial highways, the whole cost thereof to be borne by the provincial treasury, including the subsequent cost of maintenance. A highway map was prepared which indicated thereon those highways of the province designated as provincial highways and in respect of which the province was to assume responsibility. The total mileage of roads taken over by the province at this time was 7,005 miles. Gradually mileage has been added to this original map, so that at the end of 1936 the provincial highway system covered 7,806 miles.

Most of the highways in Saskatchewan are made of earth. Their construction mainly involves the moving of earth although there are sections where boulder rocks are encountered. A dirt road, well maintained, is a fairly good road in Saskatchewan in dry weather, although grades which, of necessity, must be well built up, are very prone to spread and to blow away. In wet weather, particularly in the sections of the province where there is heavy land, the roads become virtually impassable.

With the advent of the automobile and the increasing use thereof, and with the ever-increasing construction of hard-surfaced roads in the United States and the provinces of Canada to the east, has come a demand upon the province, first, for gravelled and then for hard-surfaced highways. In recent years considerable gravelling has been done and at least a beginning has been made in the construction of hard-surfaced roads. The province has not as yet been able to begin the construction of broad concrete highways, such as are seen in virtually every other developed section of the world. Table I gives a classification of the Saskatchewan highway system as at the end of the year 1936.

TABLE I

Saskatchewan Highway System, December 31, 1936

(a) Standard earth grade	3,642 miles
(b) Gravel surfacing	2,402 miles
(c) Bituminous treated gravel	132 miles
(d) Not constructed	1,630 miles
<hr/>	
Total	7,806 miles
<hr/>	

The road problem in Saskatchewan is one of the most acute now facing the government. When weather conditions are dry, as they have been in recent years, the problem is less serious. Naturally we look forward to a return of

reasonable moisture conditions in the immediate future and this problem will at once come to the fore. Those highways which have been surfaced with gravel will immediately suffer when our rainfall increases, since much of the gravel surfacing has been worn very thin. It is feared that, particularly in the heavy lands, the gravel will be absorbed and disappear from sight. In this event, the province will be faced with tremendous expenditures for the restoration of highways now classified as gravel surfaced. Table II gives a comparative statement of highway improvements in the various provinces up to 1935.

TABLE II

Highway Mileage Open for Traffic 1935*

Province	As-phalt	Bituminous concrete or mac- adam	Cemented concrete	Water- board macadam	Gravel	Other sur- faces	Not sur- faced
Prince Edward Island		12	4		195		3,440
Nova Scotia		198			4,043		10,584
New Brunswick		147			6,804		4,663
Quebec		1,085	149	1,278	14,823		17,663
Ontario	25	2,244	1,739	220	43,549	119	21,361
Manitoba†	394	22	25		4,279	13	29,999
Saskatchewan		70			2,469		153,215
Alberta	4	70			2,489		60,275
British Columbia ..	69	530	80	41	9,120	84	13,205

* From "The Highway and the Motor Vehicle in Canada 1935."
(Dominion Bureau of Statistics).

† Figures for western provinces up to various periods in 1936.

Most of the gravelling was done in the years 1929-31 and most of the highways so constructed require the placing of additional gravel thereon. This will involve heavy expenditures. It is estimated that it will cost at least \$3,250,000 to re-construct, re-gravel and re-condition the present standard earth graded highways, the gravelled highways and the hard-surfaced highways of the province.

The constant use of gravelled highways brings a problem in its train, viz., the dust nuisance. Any heavily travelled gravelled highway is now a very dangerous one, owing to the great amount of dust raised by the cars travelling upon it, and there will be an increasing demand for the construction of hard-surfaced, dust-free highways.

The northern half of the Province of Saskatchewan is in the precambrian rock formation. It is largely interspersed with lakes and rivers and covered with a heavy growth of timber. The Government of Canada has developed in the wooded section of the north, a National Park known as the Prince Albert National Park. Within the boundaries of this park are to be found wonderful lakes and rivers and wooded areas which make it an ideal recreational spot for those who live on the prairies of the west, including the prairie states to the south of the international boundary. These people have little chance of seeing woods, lakes and streams such as are to be found in Northern Saskatchewan.

The northern section of Saskatchewan abounds in wild life with splendid opportunities for hunting and fishing, and there is no section of Canada which could with more truth be termed a tourist and hunters paradise.

The Churchill River crosses Saskatchewan from its western to its eastern boundary, and for centuries has been the great avenue of communication and transportation from the Great Lakes and Hudson Bay to the Pacific and Arctic Oceans. The Hudson's Bay Company still maintain their trading posts throughout this territory. The historical associations of this section of Saskatchewan, with its own splendid facilities for recreation, are an assurance that within the boundaries of the province there are vast areas to which people from great distances can readily be attracted.

It has been clearly established that this section of the province has tremendous mineral possibilities, but little development has taken place. Few prospectors have devoted their time to searching for minerals in this area. Saskatchewan has never been associated, in the public mind, with anything but the prime industry of agriculture and people do not think of the province in the light of possible mining activities. It is therefore essential that people be induced to go into that portion of Saskatchewan and become acquainted with it and its potentialities.

In recent years it has become increasingly apparent that one of the great industries of Canada is which is commonly termed "the tourist trade." Canada lies to the north of the United States, a country of approximately 130,000,000 people and generally recognized as the richest country in the world. The average American citizen is interested in travel particularly by automobile, and is very much interested in going to sections of this continent outside the borders of his own country. In the summer when the weather is intensely hot in the United States, many seek the cooler climate of Canada. There has been an increasing number of Americans coming to the Dominion of Canada for recreational purposes, and the more who come and learn of the beauties and

possibilities of this country, the more will follow. The Government of Canada has recognized how important this industry is by setting up a special branch of government at Ottawa for the purpose of encouraging it.

Great National Parks have been provided in every province in Canada, not exclusively for the use of Canadian citizens but also for the purpose of inducing tourist traffic to come to Canada. The tourists of the United States, accustomed to the high type of road which they have in the United States, will only come to those provinces of Canada where similar road facilities are available. If left to its own resources, it will be impossible for the Province of Saskatchewan, within the next fifteen or twenty years, at least, to consider the construction of a hard-surfaced highway from the American boundary to the National Park. As a consequence, this province will not be able to get its share of the tourist traffic available to Canada.

Table III indicates the total expenditures of motorists on tourist permits in the years 1935 and 1936 in the several provinces of Canada. The conclusion may be drawn that Saskatchewan is faring badly in this regard.

TABLE III

Expenditures of Motorists on Tourist Permits*

	1935	1936
Maritime Provinces	\$ 7,753,000	\$ 9,948,000
Quebec	28,761,000	33,163,000
Ontario	84,233,000	101,678,000
Manitoba	1,742,000	1,999,000
Saskatchewan	822,000	959,000
Alberta	791,000	1,039,000
British Columbia	8,060,000	10,687,000
Total	\$132,162,000	\$159,473,000

* From figures supplied by Dominion Bureau of Statistics.

It is highly desirable in the interests of building up this industry in Canada that there should be a trans-continental highway from coast to coast. The construction of an adequate highway, if left to the province of Saskatchewan, will be long delayed. The financial situation in the western provinces will retard the development of a trans-Canada highway across these provinces. The cost of highway construction in the province of British Columbia will retard the construction of this highway, and likewise, construction will be retarded in western Ontario and eastern Manitoba, particularly over the long stretches of rocky and uninhabited country.

It is therefore felt that it is just as essential, in view of the change in method of transportation, that there should be a trans-continental highway as it was to have a trans-continental railway in the formative years of the Dominion of Canada. The government of the Province of Saskatchewan wishes to take this opportunity to suggest to this Commission that it recommend to the Government of Canada that that government take over the construction and maintenance of a hard-surfaced trans-Canada highway. Likewise, that the Government of Canada construct and maintain at least one hard-surfaced highway from the American boundary in each province to the National Park or Parks situated within such province. This would be particularly favourable to the Province of Saskatchewan where the economic life of the province is out of balance because of the fact that we are dependent almost solely upon the industry of agriculture. The building up of any other industry to balance the economic life of the province is highly desirable and the balancing of our economic life can contribute to a great extent to the solution of our provincial problems within the boundaries of Saskatchewan.

It will strain the financial resources of Saskatchewan to complete construction of the ordinary dirt roads, to gravel the same, and to replace gravel on badly worn roads. It would be utterly impossible for Saskatchewan to embark upon the construction of hard-surfaced highways to any great extent. These are absolutely essential, however, if Saskatchewan is to have a reasonable share of the tourist traffic available in Canada.

It need hardly be pointed out that good highways add much to the life of the people immediately served by them. Roads reasonably fit for travel have a commercial value to farmers and others and serve, in some degree, to break the isolation of a scattered rural population.

F. NATURAL RESOURCES

When the Provinces of Ontario, Quebec, Nova Scotia and New Brunswick entered Confederation in 1867, each retained for its exclusive use its natural resources that then remained unalienated or unpledged. Section 109 of the British North America Act, provided:

"All Lands, Mines, Minerals, and Royalties belonging to the several Provinces of Canada, Nova Scotia and New Brunswick at the Union, and all sums then due or payable for such Lands, Mines, Minerals or Royalties, shall belong to the several Provinces of Ontario, Quebec, Nova Scotia and New Brunswick in which the same are situate or arise, subject to any Trusts existing in respect thereof, and to any Interest other than that of the Province in the same."

Manitoba, the Province which next entered Confederation, was treated differently in so far as its natural resources were concerned. Section 30 of the Manitoba Act, 1870, is as follows:

"All ungranted or waste lands in the Province shall be, from and after the date of the said transfer, vested in the Crown, and administered by the Government of Canada for the purposes of the Dominion, subject to, and except and so far as the same may be affected by, the conditions and stipulations contained in the agreement for the surrender of Rupert's Land by the Hudson's Bay Company to Her Majesty."

British Columbia, at the time it entered Confederation, was allowed to retain its public domain. Section 10 of the Imperial Order in Council, admitting British Columbia into Confederation in 1871, reads:

"The provisions of the British North America Act, 1867, shall (except those parts thereof which are in terms made, or by reasonable intendment may be held to be specifically applicable to and only affect one and not the whole of the Provinces now comprising the Dominion, and except so far as the same be varied by this Minute) be applicable to British Columbia, in the same way and to the like extent as they apply to the other Provinces of the Dominion, and as if the Colony of British Columbia had been one of the Provinces originally united by the said Act."

Prince Edward Island entered the Confederation in 1873, with no public domain, the whole having been alienated long before. Because of this it was provided:

"That as the Government of Prince Edward Island holds no lands from the Crown, and consequently enjoys no revenue from that source for the construction and maintenance of local works, the Dominion Government shall pay by half-yearly instalments, in advance, to the Government of Prince Edward Island, forty-five thousand dollars per annum"

The Provinces of Saskatchewan and Alberta were organized and brought into Confederation at the same time, viz. 1905. The administration and control of the natural resources were retained by the Dominion. Section 21 of the Saskatchewan Act reads as follows:

"All Crown lands, mines and minerals and royalties incident thereto, and the interest of the Crown in the waters within the province under the Northwest Irrigation Act, 1898, shall continue to be vested in the Crown and administered by the Government of Canada for the purposes of Canada, subject to the provisions of any Act of the Parliament of Canada with respect to road allowances and roads or trails in force immediately before

the coming into force of this Act, which shall apply to the said province with the substitution therein of the said Province for the Northwest Territories”.

In lieu of being deprived of its resources, Section 20 of the Saskatchewan Act provided for certain subsidies, in the words following:—

“Inasmuch as the said province will not have the public land as a source of revenue, there shall be paid by Canada to the Province by half-yearly payments, in advance, an annual sum based upon the population of the province as from time to time ascertained by the quinquennial census thereof, as follows:

“The population of the said province being assumed to be at present two hundred and fifty thousand, the sum payable until such population reaches four hundred thousand, shall be three hundred and seventy-five thousand dollars;

“Thereafter, until such population reaches eight hundred thousand, the sum payable shall be five hundred and sixty-two thousand five hundred dollars;

“Thereafter, until such population reaches one million two hundred thousand, the sum payable shall be seven hundred and fifty thousand dollars;

“And thereafter the sum payable shall be one million one hundred and twenty-five thousand dollars.

“2. As an additional allowance in lieu of public lands, there shall be paid by Canada to the province annually by half-yearly payments, in advance, for five years from the time this Act comes into force, to provide for the construction of necessary buildings, the sum of ninety-three thousand and seven hundred and fifty dollars.”

The reason why the Dominion Government took control of administration and control of Saskatchewan resources was to promote the quick settlement of the Western prairies by means of a free homestead policy, and to promote railway construction, to be secured by means of grants of lands.

Mr. Justice Dysart, in the Report of the Royal Commission of the Natural Resources of Saskatchewan, at page 10, has to say:—

“Prairie provinces in unique position. — Thus we see that the only Canadian provinces from which the control of natural resources was withheld by the Dominion are Manitoba, Saskatchewan and Alberta. None of these three provinces had any existence as such until the moment it entered Confederation. None of them, therefore, was ever in a position to register objection to the denial of resources control until after it came into being,

and by that time it was without control. All the other six provinces had legal existence as self-governing colonies before entering into the union and were, therefore, able to express their wishes in the matter of the control of public domain. The natural resources of the three prairie provinces, being completely in the hands of Dominion authorities, were utilized to meet Dominion desires at a time when the Dominion, for very special national reasons, desired control of the prairie resources for federal purposes."

The matter of compensation to Saskatchewan for natural resources alienated by the Dominion Government, and the return of resources not alienated has been for many years a subject of much discussion. The same has been true of Manitoba and Alberta.

In Manitoba, notwithstanding protests of provincial authorities that Manitoba did not have its natural resources, and had received no financial assistance whatsoever on this account, nothing had been done to deal with the situation until 1882. In 1881, the boundaries of the Province were increased very considerably, extending its area to 47,188,480 acres, and under 45 Victoria, Chapter 5, the yearly sum of \$45,000.00 was voted to Manitoba "as an indemnity to the Province for the want of public lands". This is, of course, apart from the School Lands Trust Fund.

In 1885, by 48-49 Victoria, Chapter 50, the annual subsidy to Manitoba was increased to \$1,000,000.00, and the swamp lands in the Province were turned over to the Provincial Government to be reclaimed and sold; and a land grant of 150,000 acres was made as an endowment for the maintenance of a Provincial University. This provision existed for twenty-seven years, and in the meantime there was a great increase in the population of that province. In 1911, its population was 461,394.

A readjustment was made in 1912. The boundaries of the province were extended as they exist to-day, and it was decided to make a new arrangement, regarding subsidies, retroactive so as to take effect from July 1st, 1908. The annual subsidies made payable to Alberta and Saskatchewan, under the Acts under which they came into existence, were applied to Manitoba according to the ratio of its population. The population being estimated to have been over 400,000 by July 1st, 1908, the sum payable from and after that date until the population should reach 800,000 became \$562,500.00 annually; and certain other subsidies were granted to the Province. There was also a readjustment in connection with swamp lands,—which were handed back to the Dominion,—the province being made accountable for swamp lands sold during the time they were under the administration and control of the province.

The adjustment of 1912 was intended to establish equality of Manitoba in respect of financial treatment with the new provinces of Saskatchewan

and Alberta, but the matter of the return of unalienated resources was not overlooked at that time. The late Right Honourable Sir Robert Borden said in the House, on March 4th, 1912:

“Because, I repeat once more, these three provinces (Alberta, Saskatchewan and Manitoba) stand in a different category from the other six provinces of the Dominion. The other six provinces have their natural resources, their public domain, mines, minerals and other assets of that kind; these three provinces have not those assets. Having in regard these considerations our policy and our proposal is, in the first place, to put Manitoba upon the same just and fair basis as that which has already been granted to Alberta and Saskatchewan, and then to take up, at the earliest opportunity, the question of the terms upon which the natural resources of all three prairie provinces shall be handed over to the administration of these provinces.”

The negotiations regarding compensation for resources and return of unalienated resources were carried on over the period of the next ten years, until finally the then Prime Minister of Canada, the Right Honourable W. L. Mackenzie King, made the following statement in the House, on April 21st, 1922,—(Hansard, Vol. 2, Page 1018),:—

“As between the Government of Manitoba and the Dominion Government it has been agreed,—

(1) That it is desirable and just that such adjustments be made between the Dominion of Canada and the Prairie Provinces with respect to their natural resources as will give full recognition to the principle that in this respect they are entitled to be placed in a position of equality with the other provinces of Confederation.

(2) That the Government of Canada will negotiate an agreement with the Prairie Provinces with the above object in view, such agreement to be subject to ratification by Parliament, and the respective Legislatures.

(3) That failing agreement on any point as between the Dominion and the Province of Manitoba all such items so in dispute shall be referred to arbitration.

(4) That any awards made by such arbitrators shall be subject to ratification by Parliament and the Legislature of Manitoba.”

No agreement having been reached, by Order in Council a commission was appointed to deal with the matter so far as Manitoba was concerned, and paragraphs 1, 2 and 3 of the Order in Council, are as follows:

1. The Province of Manitoba to be placed in a position of equality with the other provinces of Confederation with respect to the administration and control of its natural resources, as from its entrance into Confederation in 1870.

2. The Government of Canada, with the concurrence of the Government of Manitoba, to appoint a commission of three persons to inquire and report as to what financial readjustment should be made to effect this end.
3. The Commission to be empowered to decide what financial or other considerations are relevant to its inquiry.

Provision was also made for the return to the province of unalienated resources "subject to any trusts existing in respect thereof and to any interest other than that of the province in the same."

The Commission, under the chairmanship of Mr. Justice Turgeon, of the Saskatchewan Court of Appeal, took evidence and reported. In that report, it is stated as follows:—

"We look upon this as a final settlement of the public lands question between the Dominion and the Province. We consider the payments we are about to suggest as the purchase price which is now to be paid to Manitoba for the lands of which it has been deprived from 1870 down to to-day. We propose therefore a plan of annual subsidies based, as they ought to be, upon both the area and the population of the Province from time to time, beginning in 1870 and to run on from year to year for all time. In arriving at the amount of these subsidies we have given due weight, we think, to whatever can fairly be credited to the Dominion as against the claim of the Provincial Government. We are placing a light appraisal on the loss to the Provincial Government in respect to homestead lands, we are allowing the Dominion the benefit of lands used to subsidize branch line construction, and are holding to its credit the sums paid by it to the Province under the legislation of 1898 and of 1912 to aid in the construction of public buildings. We also recognize, in favour of the Dominion, the further fact that the subsidies we are recommending for future years, as will presently appear, are generous in their terms.

"We are giving effect to these considerations in favour of the Dominion in two ways, (1) by fixing a moderate figure for the subsidies payable in respect of past years, and (2) by disallowing all claims of interest upon arrears. And, of course, we are setting off, against the sum now due for back subsidies, all subsidies already paid under earlier arrangements, as well as the value of the swamp lands and the University lands granted under the legislation of 1885.

"Upon the above basis we are providing an annual subsidy of \$60,000 for eleven years between 1870 and 1882 during which the Province received no subsidy whatever. From 1882 on, for a period of twenty years, we provide a subsidy of \$187,500 to meet the increase in area and population.

From 1901-2 down to 1908, we provide a subsidy of \$375,000 on account of increased population. And finally from and after 1908 we adopt the subsidy scheme enacted in 1905 in respect to Alberta and Saskatchewan and applied to Manitoba in 1912.

"The difference between the total sum of the subsidies which we recommend as payable from 1870 down to the present and the sum of all credits due to the Dominion, is \$4,584,212.49. This is the sum that Manitoba is to receive in cash, as the balance due for past arrears. From now on, until the population reaches 800,000, the Province will receive annually \$562,500. When the population reaches 800,000 this sum will be increased to \$750,000. Finally when the population attains the figure 1,200,000 the amount payable annually will rise to \$1,125,000 and will remain unchangeable thereafter."

The Report of the Turgeon commission was adopted by both the Parliaments of Canada and Manitoba, and settlement was made accordingly, and Manitoba commenced to receive, and is now receiving, the subsidies recommended by that Report.

In 1930, by Agreement between the Governments of Canada and Saskatchewan, and dated the 20th day of March, 1930,—later approved by appropriate legislation, — provision was made for the return to Saskatchewan of its unalienated resources, subject to provision as to trusts and prior commitments, and provision was made for the appointment of a commission, in the language following:

"24. As soon as final answers to the questions submitted under the last preceding paragraph have been given, the Government of Canada will appoint three persons to be agreed upon to be Commissioners under Part I of the Inquiries Act, to inquire and report whether any, and if any, what consideration, in addition to the sums provided in paragraph twenty-one hereof, shall be paid to the province in order that the province may be placed in a position of equality with the other provinces of Confederation with respect to the administration and control of its natural resources either as from the first day of September, 1905, or as from such earlier date, if any, as may appear to be proper, having regard to the answers to the questions submitted as aforesaid; such commissioners to be empowered to decide what financial or other considerations are relevant to the inquiry and the report to be submitted to the Parliament of Canada, and to the Legislature of Saskatchewan, if by the said report, the payment of any additional consideration is recommended, then, upon agreement between the Governments of Canada, and of the province following the submission of such report, the said Governments will respectively introduce the legislation necessary to give effect to such agreement."

The words, "questions submitted under the last preceding paragraph", in Line 1, Paragraph 24 of the Agreement, have to do with the reference to the Supreme Court of Canada to decide whether or not the province had any right,

prior to the first of September, 1905, to the natural resources lying within the territory which at that date became the Province of Saskatchewan. These questions were answered in the negative. See—

(1931) Supreme Court Reports, p.263;

(1932) Appeal Cases, p.28.

By Order in Council, under date of the 29th day of September, 1933, a commission was appointed under the chairmanship of the Honourable Mr. Justice Dysart, Judge of the Court of King's Bench of the Province of Manitoba; the Honourable Mr. Justice Bigelow, Judge of the Court of King's Bench of the Province of Saskatchewan; and George C. McDonald, of Montreal, Quebec, Chartered Accountant; and the terms of the reference to the Commission were:

"WHEREAS pursuant to the provisions of Part I of the Inquiries Act, Revised Statutes of Canada, 1927, Chapter 99, His Excellency the Governor General in Council by Order P. C. 2722, of the Twenty-ninth day of December, in the year of Our Lord one thousand nine hundred and thirty-three, copy of which is hereto annexed, has authorized the appointment of Our Commissioners therein and hereinafter named to enquire in and report whether any, and if any, what consideration, in addition to the sums provided in paragraph 21 of the Agreement between Our Government of Canada and Our Government of the Province of Saskatchewan scheduled to the Saskatchewan Natural Resources Act, Chapter 41 of the Statutes of Canada, 1930, shall be paid to the Province of Saskatchewan in order that the Province may be placed in a position of equality with the other Provinces of Confederation with respect to the administration and control of its natural resources from the first day of September, in the year of our Lord one thousand nine hundred and five, and has conferred certain rights, powers and privileges upon Our said Commissioners as will by reference to the said Order more fully appear."

It will be observed that the Commissioners are to inquire into and to report whether any, and if any, what consideration, in addition to the sums provided in paragraph 21 of the Agreement between the Parliament of Canada and Saskatchewan, (this being a continuation of the subsidies provided for in the Saskatchewan Act), shall be paid to the Province of Saskatchewan, in order that the Province may be placed in a position of equality with the other provinces of Confederation, with respect to the administration and control of its natural resources from the first day of September, 1905.

Under the Order in Council, appointing the Manitoba Commission, Paragraph 1 provided:

"The Province to be placed in a position of equality with the other provinces of Confederation, with respect to the administration and control of its natural resources as from its entrance into Confederation in 1870.",

and Paragraph 2 provides for the appointment of a Commission of three persons "to enquire and report as to what financial readjustment should be made to effect this end."

Clearly, in appointing the Saskatchewan Commission on natural resources, the parliament of Canada had in mind the almost exact language in the Order in Council appointing the Manitoba Commission, and the method of solution of that problem so far as it affected Manitoba; and on account of the fact that the Manitoba Report was adopted and carried out by the Parliaments of Canada and Manitoba, presumably the intention was that the Commissioners dealing with the Saskatchewan Natural Resources should work out a solution for Saskatchewan on the same basis as that adopted by the Turgeon Commission, which basis was approved and ratified and confirmed by the Governments of Canada and Manitoba.

In the Saskatchewan case before the Commission, Counsel for the Dominion Government, at page 735 of the Record, said:

"The only point I make in connection with that is that the contract was entered into in the light of the agreement made in the Manitoba case, and of the report made there. These were all before the contracting parties, and an inquiry on similar lines was contemplated by the agreement with Saskatchewan and Alberta."

The basis of the award in the Manitoba case appears from the following extracts in the Manitoba Report:—

(a) —Page 41—:

"The time has no doubt come in Manitoba when the Dominion necessities having been satisfied, and the resources set apart to meet them having been practically exhausted, the Dominion Government should pay in full for the value it has received and leave to the Province the responsibility of administering what is left."

(b) —Page 42—:

"We consider the payments we are about to suggest as the purchase price which is now to be paid to Manitoba for the lands, of which it has been deprived from 1870 down to to-day."

(c) —Page 30—:

"The resources disposed of by the Dominion cannot now be returned. In the light of the Order in Council, the retention of those resources in 1870 must be looked upon as an expropriation for which adequate compensation, or the balance justly due as adequate compensation, must now be paid."

In view of the fact that when the Province of Saskatchewan was created out of the Territories, Saskatchewan had no voice in the matter of its natural resources, and that it had no voice at all in the policy of administering its resources taken over by the Dominion, it is submitted that in considering what position Saskatchewan would have been in if it had been allowed to retain its resources, all doubts should be resolved in favour of the province; and it is respectfully submitted that the converse of this principle was the guiding factor of the majority report in the Saskatchewan case.

The five million dollars awarded by that majority report to Saskatchewan is, as the report states, "a compromise amount", but it is submitted that the majority report discloses no legal basis for the award, but that a real basis for an award is present in the minority report of Mr. Justice Bigelow; particularly in his treatment of the matter of land alienations.

Having regard to the terms of the Order in Council, it is submitted that the solution of the problem must be arrived at in this way: going back to 1905, and assuming that Saskatchewan had kept its resources, as did the original provinces entering into Confederation,—what reasonably would have been the policy of Saskatchewan in dealing with such resources? These resources, in the hands of the Dominion Government, were by the Saskatchewan Act to be administered "by the Government of Canada for the purposes of Canada". The policy of the Dominion Government was to populate the Western Prairies quickly, to provide users of the transportation services of the vast network of railways which were in this province in 1905, and, no doubt, particularly, to give value to the land of the three prairie provinces which had been given to the C.P.R. as a subsidy; and furthermore, to provide a market in Western Canada for the products of industry in Eastern Canada.

No doubt, Saskatchewan to some extent, would have been inspired by the same motives, but surely would have, as the Reports also suggest, paid special attention to a policy for revenue, so far as administration of the resources were concerned. It can be conceded that to some extent Saskatchewan would have adopted the policy of free grants to homesteaders. It is a matter of speculation, of course, as to when the province would have discontinued this policy, or whether or not it would have adopted the policy of the Dominion Government regarding pre-emptions and purchased homesteads; but it is again submitted that it is to be assumed that the province would have adopted a policy which would have redounded to the best interests of the province.

Saskatchewan had, in 1905, a population of 250,000 people, and the province was well served by the main line of the C.P.R., and branch lines. This land was of great potential value, from the standpoint of agriculture.

The amount of alienations of land in Saskatchewan by the Dominion Government, is a matter now of agreement between the Province and the Dominion Government. From September 1st, 1905, when the province was formed, until October 1st, 1930, the following is a list of alienations of Saskatchewan lands:

	Acres:
Free homesteads	20,705,139
Purchased homesteads	703,862
Pre-emptions	3,871,882
South African veterans' grants	1,119,853
Soldiers' grants	322,247
Special grants	333,976
Sales miscellaneous	480,811
Half breed scrip	96,740
Station grounds	22,289
Reserved for federal purposes	23,009
G.T.P. townsites	9,484
C. & E. and A.R. & I. railway	7,452
	<hr/> 27,696,744
	Acres
From this should be deducted:	
Estimated cancellations	500,000
Hudson Bay exchange account	70,097
	<hr/> 570,097
	<hr/> <u>27,126,647</u>

This appears in the Report of the Royal Commission on the Natural Resources of Saskatchewan, on page 51. To this list is to be added 2,561,122 acres of Saskatchewan land given by way of subsidy for construction of railways wholly situate in the Province of Manitoba. The grand total is 29,687,769 acres.

It is to be remembered that prior to the formation of Saskatchewan, there had been alienated out of the territory which later became Saskatchewan, for railway subsidies, 15,000,000 acres. All the agricultural lands in Saskatchewan were alienated by the Dominion Government, and what the province got back in 1930 was great areas of undeveloped, non-agricultural lands; or in any event, lands not to be compared in value with the agricultural lands alienated by the Dominion Government; and the resources so turned back to the province have unquestionably been, and will be for some time, nothing but a bill of expense to the province.

The rapid settlement of Saskatchewan under the policy of the Dominion Government naturally involved the province in the tremendous cost of provid-

ing roads, schools, and other services for the settlers, and all of this expense was the expense of the province.

An interesting resume of provincial expenditure, as compared with land subsidy, from the years 1906 to 1930, appears in the minority report of Mr. Justice Bigelow, at page 56. All these expenditures were making more valuable all the railway land subsidies in this province; all of which were resulting in great benefits to the Canadian Pacific Railway Company; and also to Canada as a whole.

Dealing first with land alienations, Mr. Justice Bigelow analyses, as a matter of arithmetic, how much money Manitoba got for land alienations in that province; and the following words of Mr. Justice Turgeon, of the Manitoba Commission, cannot be too often repeated, viz:—

“We consider the payments we are about to suggest as the purchase price which is now to be paid to Manitoba for the lands, of which it has been deprived from 1870 down to to-day.”

The amount of land alienations in Manitoba was, in round figures, 12,000,000 acres. As to this, Mr. Justice Turgeon says, at page 42:

“We are placing a light appraisal on the loss to the Provincial Government in respect to homestead lands.”

What Manitoba received prior to the Report of the Turgeon Commission, and what they were to receive after that is as follows:

(a) Capitalized value of the subsidy to Manitoba, as of July 1st, 1929	\$26,620,008
(b) Manitoba received in subsidies up to the time of the Manitoba Report	11,193,430
(c) The amount awarded by the Manitoba Commission	7,654,069
	<u>\$45,467,507</u>

The evidence before the Saskatchewan Commission proves that the agricultural land in Saskatchewan alienated was much more valuable than that of Manitoba. Putting the matter on a price per acre basis, Mr. Justice Bigelow says, on page 55:

“On October 1, 1930, Saskatchewan had already received \$14,500,000 in subsidies in lieu of lands, and the value of Saskatchewan’s subsidy provided for in section 21 of the agreement, as of October 1, 1930, is about \$33,000,000. What, in addition, should be paid to Saskatchewan, in the lan-

guage of the agreement, in order that the province might be placed in a position of equality with the other provinces of Confederation, and Manitoba is admittedly one of the provinces to which Saskatchewan should be compared?

"If Manitoba has received \$45,000,000 for alienation of nearly 12,000,000 acres, for 29,500,000 acres Saskatchewan should receive roughly \$110,500,000 less subsidies paid and to be paid ----- 47,500,000

Balance ----- \$ 63,000,000

That is, Saskatchewan should receive \$63,000,000 in addition to the subsidy provided, to place the province in a position of equality with Manitoba, as decided by the Manitoba Resources Commission."

So it was with the province of British Columbia. That province when it entered Confederation, retained control of its resources under Section 109 of the British North America Act. By the terms of the Union, the Dominion agreed to pay British Columbia \$1,000,000.00 a year, in consideration of land to be conveyed by British Columbia to the Dominion, in aid of the construction of the Canadian Pacific Railway. The province conveyed an area along the railway, consisting of 10,976,000 acres; also an area known as the Peace River tract, of 3,500,000 acres. The Dominion disposed of only 1,373,600 acres along the railway, and 270,000 acres in the Peace River tract, a total of 1,643,600 acres. In due course, British Columbia claimed a reconveyance of the land not disposed of, and a Commission was appointed to investigate the matter. The Commission decided that the Province was entitled to the return of the land not disposed of, and the subsidy of \$100,000.00 a year was continued. \$100,000.00 a year, calculated at 3%, means a capital of three and one-third million dollars. This works out to slightly over \$2.00 an acre, as of 1870, for British Columbia lands alienated by the Dominion.

There is no doubt that the Saskatchewan lands were worth more at the time of alienation than the British Columbia lands, but assuming equal value, on the basis of \$2.00 an acre, Saskatchewan would receive for 29,687,769 acres, roughly \$60,000,000; less, of course, subsidies received and to be received. The value of the subsidies, as of the date of the Saskatchewan award, is as follows:

Subsidies paid from September 1st, 1905 until October 1st, 1930	\$14,200,000
Capitalization of subsidies to be paid -----	33,000,000
	<u>\$47,200,000</u>

A very substantial loss of revenue to the Province is in respect of loss of taxes for tax exempt lands. The Railway Companies were required to make their selection of land subsidies, and when that was done, the land was assess-

able for taxes; and if and when so done the Municipalities would have derived a revenue for the purpose of services, which services were being paid for by the Provincial Government. The railways were allowed to postpone their selection of land subsidies, with the result the taxation was delayed, and it is a fair assumption that if the resources had been in the hands of the province this situation would not have existed. On the basis of average rate of taxation per acre during the years material to this aspect of the inquiry, the loss to the province could be conservatively put at two and one-half million dollars.

It is to be noted, however, that at the time Saskatchewan became a province, it was the intention of the Dominion Government to take only 25,000,000 acres for national purposes, at \$1.50 per acre. They, in effect, took 30,000,000 acres. Undoubtedly, the excess 5,000,000 acres would, long before October 1st, 1930, if the Province still owned them, have been worth vastly more than \$1.50 per acre, by virtue of the populating of the province.

Admittedly, it is a difficult task to make an award on a comparison between known administration of the resources, and assumed administration, but it is respectfully submitted that the suggested award in the majority report of the Saskatchewan Commission is purely a guess, with all doubts resolved against the Province; whereas the decision of Mr. Justice Bigelow has a definite basis, particularly the Manitoba award which, there can be no doubt having regard to the language of the Order in Council appointing the Saskatchewan Commission, both Governments had in mind. Mr. Justice Bigelow's reasoning does put Saskatchewan on the basis of equality with Manitoba, but it is respectfully submitted the majority report does not.

Saskatchewan's next claim in order of importance, is in respect to the administration of school lands in the province.

Before Saskatchewan became a province, the Dominion set aside certain lands to be held in trust, the proceeds of sales to be for schools in the territory concerned. Up to 1930, the Dominion sold 2,611,628 acres in Saskatchewan for a contract price of \$43,999,764.00. Sales cancelled up to 1930 were 501,851 acres; the contract price for this being \$10,995,670.00. From 1905 to 1930, the Dominion paid to the Province \$16,350,000.00 revenue received, and the principal was handed over to the province in 1930.

It cannot be gainsaid that the Department adopted an extremely lax policy in the administration of school lands. Notwithstanding the fact that practically all the land in Saskatchewan sold by land companies and railway companies were sold on crop payment basis, the Dominion Government sold only on a cash per acre basis. In innumerable instances all the Department got was a first payment, which, of course, was a condition of the sale at the auction; and year after year buyers were permitted to take off crop after crop without

paying one dollar to the Dominion Government either on principal or interest. Apart from its duty as trustee of the fund, common business judgment should have prompted the Department to insist upon payment of the contract price; but, apparently, having regard to the long distance administration from Ottawa, purchasers were allowed to take crops off for many years, with no payment to the Government, and then turn the land back to the Department,—depreciated in productive value.

The majority report in the Saskatchewan case makes no provision for compensating the province for the loss of interest, of which it was a beneficiary, although Mr. Justice Bigelow, on this item, awards \$5,000,000; and it is respectfully submitted that reasons given by him on page 60 of the Report are most convincing.

The other claims advanced before the Saskatchewan Commission have to do with administration of timber claims and grazing leases; and the history of the administration regarding these items is in the Report at pages 60 and 61. Surely, if Saskatchewan had been in control of its resources,—with its representatives right on the ground—, very substantial sums of money would have been received in excess of that actually received.

The Government of Saskatchewan has considered it wise to bring this matter to the attention of the Commission as a step towards the solution of this problem. Both Canada and Saskatchewan have recognized that there is a claim requiring settlement. The members of the Commission appointed to fix compensation for alienation of resources acknowledge a claim, although the recommendations in the majority and minority reports differ in amounts. It is therefore felt that when the whole question of relationship between this Province and Canada is under review, this claim should likewise be reviewed and a recommendation made which will aid in settling this dispute.

PART VIII

THE SOCIAL SERVICES

There will be some disagreement as to what is to be comprehended by the term "Social Services," although the services to be included within that expression will not vary greatly from province to province. As used in this submission, the term is meant to include those activities of government which involve an expenditure of money when the predominant wish is to secure for the weak, the old, the under-privileged or the unfortunate, a degree of protection through the medium of state intervention. It likewise embraces those services performed by governments with the design of increasing the efficiency of the individual while creating for him an opportunity for realizing himself and enjoying privileges that he could not procure for himself. It is quite true that all activities of government are in theory designed for the public good, and no sharp division can be drawn. Commonly, however, the social service is regarded as being positive in nature, the needs of the recipients as members of society being considered. Perhaps, after all, the term is merely applied to the newer services, those which formerly people were supposed to get for themselves. The luxuries of yesterday are the needs of today. Such a concept is altogether proper if the end of government is to satisfy the needs of the people.

Under the term social services as used in this submission, will be included education, public health services, public institutions, such as mental hospitals, children's homes, and schools for the deaf; grants such as those for child welfare and maternity, mothers' allowances, relief of destitutes, etc. Likewise, expenditures incurred in the administration of the Minimum Wage Act, the inspection of factories and, generally, services connected with the welfare of labour. Details concerning this matter may be found in statement 14 of Appendix "A", under the heads Education and Public Welfare.

Growth of Social Services

At the time of the formation of the province in 1905, the total of expenditures for matters considered as social services in the definition as given above, was very small indeed. Aside from the support of education, the Public Accounts for the year 1905 reveal an expenditure of \$11,000.00 for the support of mental hospitals; a \$40.00 payment to the home for the infirm; slightly over \$100.00 for the relief of destitutes and a sum somewhat below \$500.00 for the education and maintenance of the blind. In the year 1907 a hospital grant in the sum of slightly over \$13,000.00 appears. In 1911 the first record of an expenditure under the Child Welfare Act is shown. In 1919 mothers' allowances and maternity grants appeared. The year 1921 marks the beginning of payments for the support of education for soldiers' dependent children; old age pensions were first paid in 1929 while in 1931 payments are first recorded for the support of a

psychopathic hospital and in 1932 for the support of a school for the deaf. Usually, when a grant in support of any particular service had once been made, the annual grant continues to grow from year to year. Table I gives the total expenditures for social services for selected years beginning in 1911 and ending with the current year. It will be observed that at the end of the period referred to, expenditures under the head of social services were almost ten times as great as at the beginning of the period.

TABLE I

Social Service Expenditures
Totals for Selected Years, 1911-1936

Year Ending	Expenditure
February 29, 1911	\$ 681,916.44
April 30, 1916	1,423,916.87
April 30, 1921	3,194,069.95
April 30, 1926	5,525,178.65
April 30, 1931	7,932,064.24
April 30, 1932	7,327,528.33
April 30, 1933	5,517,077.66
April 30, 1934	5,169,916.90
April 30, 1935	5,651,833.02
April 30, 1936	6,172,150.39

Conditional Subsidies

From time to time assistance has been received from the Dominion Government in the form of conditional subsidies. By this term is meant that the grant is made on condition that the province perform some stipulated action, usually an expenditure of a sum of money calculated by percentage or otherwise, from the provincial treasury. Leading examples of conditional subsidies to the Province of Saskatchewan have been those in support of employment services begun in 1919-20 and continuing to the present time; the grant in support of treatment of venereal diseases which extended from the year 1919-20 to the year 1931-32; the grant in support of vocational education begun in the year 1920-21 and the grant in support of the payment of old age pensions begun in the year 1928-29 and which is being paid at the present time. With reference to old age pensions, the Dominion Government contributed fifty per cent during the period May 1st, 1928 to October 31st, 1931. Since the latter date the Dominion has contributed seventy-five per cent thereto. Throughout the whole period the province has borne the administration expenses of old age pensions.

Table II gives a summary of contributions from the Dominion Treasury by way of conditional subsidies. It will be observed that in the period beginning with the fiscal year 1912-13 up to the end of the fiscal year 1936-37, the Dominion has made payments to a combined total sum of over \$13,000,000. A complete record of payments in the nature of conditional subsidies will be supplied to the Commission as a separate exhibit. These conditional subsidies have not been entirely in support of social services as the term is here used.

TABLE II
Province of Saskatchewan
Conditional Subsidies from Dominion of Canada
Total for Fiscal Year

Fiscal Year	Total Expenditures	Dominion Repayments	Cost to Province
1912-13	\$ 34,296.29	\$ 34,296.29	
1913-14	27,148.14	27,148.14	
1914-15	61,152.31	40,636.00	\$ 20,516.31
1915-16	34,005.52	47,407.52	13,402.00 Cr.
1916-17	71,440.40	67,365.98	4,074.42
1917-18	78,299.12	77,673.51	625.61
1918-19	81,728.48	79,166.24	2,562.24
1919-20	167,020.15	112,272.74	54,747.41
1920-21	294,639.37	148,106.96	146,532.41
1921-22	1,102,586.26	538,140.87	564,445.39
1922-23	1,318,654.13	558,679.51	759,974.62
1923-24	1,055,416.27	427,952.73	627,463.54
1924-25	1,218,568.11	476,631.01	741,937.10
1925-26	1,075,020.62	211,592.23	863,428.39
1926-27	114,075.97	45,166.73	68,909.24
1927-28	121,576.02	164,823.26	43,247.24 Cr.
1928-29	584,772.60	243,213.40	341,559.20
1929-30	1,216,507.76	556,110.10	660,397.66
1930-31	1,894,260.30	717,464.70	1,176,795.60
1931-32	2,108,408.84	1,348,429.56	759,979.28
1932-33	1,926,206.72	1,403,237.21	522,969.51
1933-34	1,918,867.88	1,378,370.08	540,497.80
1934-35	2,115,929.34	1,512,266.08	603,663.26
1935-36	2,351,037.30	1,654,935.78	696,101.52
1936-37	2,451,611.41	1,755,444.36	696,167.05
	\$23,423,229.31	\$13,626,530.99	\$9,796,698.32

The payment of conditional subsidies has no doubt given relief to the provincial treasury to some extent and in so far as the payments constituted contributions to social services the opinion may be expressed that necessary

services have been assisted thereby. The question arises whether payments in the form of conditional subsidies may not constitute the proper solution of the inability of the provinces to discharge their constitutional obligations with the restricted incomes presently available. The Government of Saskatchewan is not prepared to state categorically an opinion to the effect that the conditional subsidy is unsound, but it desires to submit the following observations with reference to such payments:

(a) The offer of such grants from the Dominion Treasury may present a temptation to provincial governments which is difficult to resist. The result may be that the province will embark on the expenditure of public moneys on a programme which is quite at variance with the needs of the province and may be quite contrary to its general scheme of development.

(b) The conditional subsidy is quite unsatisfactory in that the Dominion Government may decide to withdraw from the scheme altogether. In the meantime the province will have begun an expenditure which it finds it is unable to discontinue. This actually happened in the case of conditional subsidies for the construction and support of technical schools, where the grant was discontinued after expensive buildings had been constructed. The same was true in the case of grants in support of the treatment of venereal diseases, although in this case it is probable that a service was begun which every province would have been forced to undertake sooner or later.

(c) The granting of conditional subsidies seems to be contrary to the notion of building up a spirit of responsibility, on the part of the provinces. It is altogether reasonable for the Dominion to assume complete responsibility for given social services, and it may be predicted that this action will result from recommendations of this Commission. But in so far as a social service or any other service is recognized as a provincial responsibility it would seem that it is more advisable that the province should be responsible. It is submitted further that the unconditional subsidy to the provinces is to be preferred, especially if an element of flexibility can be introduced therein. In a subsequent part of this submission a recommendation will be made looking to the introduction of this element of flexibility into unconditional subsidy payments from the Dominion treasury.

The Future of Social Services

Attention has been drawn to the fact that with existing sources of revenue the Province of Saskatchewan is unable to provide adequate services and at the same time perform the other functions of government. Every indication, moreover, points to the conclusion that the burden of maintaining social services will be greater in the future. Not only will many of the existing services be more expensive to maintain, but it is almost certain that new services will be necessary. Reference may be made to a few of the social services in terms of the future.

Old Age Pensions. The burden of the payment of old age pensions in this province will almost inevitably increase in the next few years. This conclusion is drawn from the fact that the population of the province is comparatively young and that during the next few years an increasing percentage will be above the age of seventy years. In connection with this particular service, it is submitted that pensions should be payable to those who have reached the age of sixty-five years but that such payments should be put on a contributory basis. It is proposed to recommend that the complete burden of payment of old age pensions should be assumed by the Dominion Government. The Government of Saskatchewan strongly recommends a pension scheme to which all shall contribute during their earning years, with pensions payable to all persons above a certain age, say sixty-five years, regardless of the financial status of the recipient.

Unemployment Insurance. It is submitted that a scheme of contributory unemployment insurance should be made effective in the near future. In this province where income is extremely variable, the insurance principle must be resorted to as frequently as possible. On the basis of the analysis to be found in Part II of this submission, it is believed that unemployment insurance is a social service that may logically be assumed by the Dominion Government, and a recommendation will be made to that effect. It may be pointed out, however, that on a comparative basis the Province of Saskatchewan will gain less from such a scheme than any other province, due to the fact that so large a proportion of the population is engaged in agricultural pursuits and that an unemployment insurance scheme is difficult to apply to them. For this province crop insurance appears to be the logical supplement for unemployment insurance. It is not suggested herein that the Dominion should inaugurate a national scheme of crop insurance, but it is suggested that in the event of crop insurance proving feasible, the Province of Saskatchewan should be given special consideration by way of assistance in the financing of such a scheme. In connection with unemployment insurance it is believed that the Dominion should have complete jurisdiction to deal with the whole question of labour, including minimum wages, hours of labour and the settlement of industrial disputes.

Education. Additional expenditures will be necessary for the support of education both to repair the waste due to years of depression and drought and to provide adequate facilities for the years to come. During the past several years financial conditions in the great majority of school districts have been such as to prohibit the normal upkeep and repair to school buildings and equipment. Buildings invariably need general repairs and painting outside as well as re-decorating within. In many cases heating plants require extensions or renewals and the same is true of out-buildings and fences. While a completely accurate estimate of the sum needed to carry out such work cannot be given, it is suggested that \$300.00 would be a modest estimate for a typical school and on this basis the sum required would be approximately \$1,500,000.00.

School libraries in most schools have suffered severely owing to the inability of the local Boards to provide for replacements or additions. The sum of \$30.00 per room is a conservative estimate of the immediate need in this respect, which means a total expenditure of \$217,200.00. It is likewise estimated that at least \$100,000.00 is urgently needed to provide or replace the normal equipment in rural and village schools.

Consolidated schools report that their conveyance equipment is now nearly worn out, some conveyances needing extensive overhauling and other replacement. This will involve an expenditure of possibly \$25,000.00.

The material wastage due to the depression has its counterpart in the personnel of the teaching staff. Teachers have been poorly paid and in many cases have not received the salaries due them. It is not possible to state with exactness the amount of unpaid salaries at this date, but the following will give an indication of the probable amount;

Teachers' salaries overdue and unpaid

As at December 31, 1934, amounted to	\$775,380.12
As at December 31, 1935, amounted to	964,149.85
As at December 31, 1936, amounted to	937,594.11

These figures indicate that the current amount of salaries overdue and unpaid amounts to approximately \$900,000.00. In view of the fact that a special appropriation of \$200,000.00 has already been made for this purpose, it would seem that \$700,000.00 is still required.

Because of their low cash incomes, teachers have had little to spend on clothing and personal necessities, to say nothing of books and periodicals required to maintain professional efficiency. The restoration of suitable salaries is imperative if efficiency is to be maintained within the teaching profession. It may be noted that the total amount paid for teachers' salaries in three selected years has been as follows:

1926	\$6,957,331.56
1931	6,695,376.75
1936	3,973,073.03

It appears therefore that the rehabilitation of the teaching staff would require that school boards should have available for teachers' salaries almost \$3,000,000.00 more than in 1936. The increase in grants effective after July 1, 1937, will amount to approximately \$800,000.00. If it can be assumed that most of this money will be available for increases in salaries, the further sum required is around \$2,000,000.00.

Owing to the depression, coupled with complete crop failures in many sections, it has become impossible for pupils in rural districts either to drive to nearby town schools for high school work or to board in town in order to secure a high school education. To some extent this handicap has been offset by the services of the Government Correspondence School, but there is no doubt that many pupils in rural schools are suffering a genuine hardship by being deprived of facilities for instruction in the high school grades. Financial assistance would be well justified in order to correct this condition.

The various sums mentioned above as being required in addition to present revenues to provide normal educational facilities for the work of grades 1 to 12 may be recapitulated as follows:

In aid of repairs to school buildings	\$1,500,000.00
In aid of school libraries	217,200.00
In aid of equipment in rural and village schools	100,000.00
In aid of conveyance equipment	25,000.00
In aid of arrears of teachers' salaries	700,000.00
In aid of teachers' current salaries (annually)....	2,000,000.00
In aid of rural high school pupils (annually)	150,000.00
<hr/>	
Total	\$4,692,200.00
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Of these items all but the last two would not recur in the event of a return of normal conditions. The last two, however, would involve additional annual payments of over \$2,000,000.00. In addition to this sum there is a need for assistance to secondary education. No reference has been made to changing techniques which will probably involve more expensive equipment in the future.

Reference has been made in an earlier portion of this submission of the fact that some school districts are in a much weaker condition than others. The government has had under consideration a proposal to devote the proceeds of the Public Revenues Tax to the relief of school districts and other municipal institutions. No definite policy has been formulated.

It is also very evident that further assistance must be given to the Provincial University. The University of Saskatchewan is the only institution of higher learning in the province, aside from theological colleges, and is forced to carry on with virtually no private endowment. It is imperative that the University be put in a position to do extensive research work if a successful programme of agricultural development is to be undertaken. Some excellent work has already been done in such matters as soil surveys. Salaries of the teaching staff have been cut to such an extent that the services of several

able scholars have been lost. The potential value of a university in the rehabilitation of the life of the province cannot be over-stated. The university will play a very important part in the development of the province.

Health Services. The fairly large expenditures for health services appear in Statement 14, Appendix "A", largely under the heads Public Health and Public Institutions. There is every indication that such expenditures will increase. Indeed, there are several imperative needs at the present time.

There is at the present time, a very urgent need for the following: (1) a new mental hospital with a capacity of twelve hundred beds; (2) two cancer hospitals with a capacity of thirty beds each; (3) A home for incurables with a capacity of two hundred beds.

Our two mental hospitals are greatly overcrowded, which interferes very seriously in providing adequate treatment towards the rehabilitation of these patients. In fact the overcrowding is so acute that a new institution of 1,000 beds could be filled to capacity with the present patient population.

While the cancer work in this province has been making progress, it is realized that a proper objective can not be reached until both the diagnostic and treatment facilities are restricted to a closed staff. Some provision must be made for dealing with this problem, similar to that in which the tuberculosis problem has been attacked.

There is practically no provision for looking after incurable cases at the present time. They are admitted to the Old Folks Home, which is overcrowded, and to other institutions throughout the Province, being mixed with other cases who may be acutely ill, or maybe senile but not physically ill.

There is also need for further expenditure on the prevention and treatment of venereal disease. In 1920 the Dominion Government instituted grants payable to the Provinces, but these were discontinued. In the meantime, the costs have been mounting up and it has been found necessary to supply drugs to private practitioners for the treatment of patients who are unable to purchase them. This cost is mounting up each month. It is felt that such a plan is essential if adequate treatment is to be provided to those suffering from venereal diseases.

The cost of new institutions may be summarized as follows:

New mental hospital	\$3,500,000.00
Two thirty-bed cancer hospitals	160,000.00
Home for Incurables	266,500.00
<hr/>	
Total	\$3,926,500.00
<hr/>	

The new increases to yearly expenditures will be as follows:

Administration of mental hospital (including maintenance and operation)	
Public Health	\$200,000.00
Public Works	90,000.00
Total	<u>\$290,000.00</u>
Administration of two new cancer hospitals	\$ 52,000.00
Administration of Home for Incurables	120,000.00
Further expenditure on prevention and control of venereal disease	10,000.00
Total	<u>\$472,000.00</u>

To the general question whether there are adequate health services, preventive and curative, the answer is that such services are in general available to those individuals with sufficient resources to pay for them. There is no doubt that persons in the middle group of wage or salary earners have extreme difficulty in paying for medical, hospital and nursing services, as well as dental treatment. Medical science has advanced to such an extent that intricate and expensive diagnostic and treatment facilities are essential. In the case of serious illness, the well to do and the indigent are in a more favourable position than the middle class. An answer to this would seem to be an equitable distribution of the costs among all the people and a consequent reduction in the overhead cost when facilities are used to the capacity limit of the facility concerned.

In order to meet this problem, 78 municipalities either wholly or in part, are contained in 76 municipal physician schemes. These schemes serve a population of 153,354 or 26 per cent of the 650,690 people residing in rural municipalities and local improvement districts. In addition, 42 villages have made similar provision as well as 2 towns.

The Health Services Board has been appointed under the Public Health Act to regulate the operation of such schemes and approve contracts made by municipal councils for medical, hospital, dental and nursing services. Realizing that some control is necessary, the Board only approves contracts for municipal doctors which provide for general medical services, obstetrical care and minor surgery. In order to deal with the surgical problem involved, legislation was enacted at the last session of the Legislature whereby a municipal council can enter into a contract with a surgeon or surgeons to do major surgery for all the residents in any municipal unit. At the present time, therefore,

any municipal unit has the authority to make the necessary arrangements to provide for complete medical and surgical care of all residents, in addition to hospitalization and nursing services, from moneys collected on a taxation basis.

No contribution is being made at the present time by the Provincial Government, but it would appear that the time will arrive when all of these units will be welded into one organization, making provision for the addition of further units as they develop, and thus evolve a provincial set-up which will provide medical, surgical, hospital and nursing care. The amount involved would be the usual two-ninths of the cost of the service, which appears to be the recognized portion of the central government's contribution towards any state medical scheme. There would be advantages from such a policy, among them the possibility of a proper control.

The municipal programme also makes possible, with proper organization, the development of a very intensive and efficient preventive service. Under the standard contract made by the councils with the municipal doctors a great deal of preventive work is required of the physicians, such as immunization clinics and examination of school children. It is found by the Department that municipal physicians do much more preventive work by virtue of this contract than private physicians practising in similar areas. From the preventive side of public health it would seem logical that this set-up should be used to the best advantage in keeping the people "well."

Public Health authorities at the present time admit that full time preventive health services obtain best results, and consequently advocate full-time health units with a full-time medical health officer, sanitary officer and nurse to each unit. One essential requirement in each unit, however, appears to be a sufficiently dense population, in order that the areas concerned may be adequately covered and having sufficient population reasonably to stand the cost of such a service. In this province the density of population does not appear to lend itself to the present conception of a full-time unit. The same policies, however, can be carried out in connection with our municipal physicians where they combine both curative and preventive medicine in their everyday practice. In rural communities such practice is gaining favour very quickly with leaders in public health administration.

To adopt such a scheme in Saskatchewan would require the division of the province into some eight districts with a trained public health personnel in charge of each district, as consultants, advisors and supervisors to municipal units. Such a programme might prove very efficient and if the municipal doctor system spreads as it is apparently doing of its own accord, we would have developed in Saskatchewan a well organized system to deal with our public health problems—both preventive and curative.

In view of the fact that district sanitary officers and nurses are available, the only additional staff, from the standpoint of preventive public health work, would be eight fully trained medical health officers at an annual outlay approximating \$60,000. The inauguration of a complete scheme of health insurance, however, is beyond the financial capacity of the province. The Health Services Board proposes to make further investigations but the government is not committed to any particular policy.

We have in Saskatchewan an instance of a state medical scheme so far as the control and treatment of tuberculosis is concerned. An efficient programme has been evolved which is recognized everywhere as outstanding. The central government, in the first instance, makes the necessary sanatorium accommodation available as governmental capital expenditure and in addition pays \$1.00 per patient per day to the Anti-Tuberculosis League. The municipal units pay the balance of the operating costs involved. The experience of the Anti-Tuberculosis League in the past few years is a very effective argument against the institution of any health insurance scheme on a province wide basis at the present time. The League is finding the programme very difficult to finance, due to the persisting drouth conditions, and the municipal units owe the League approximately \$650,000 in past due assessments. In view of the fact that such assessments are based solely on the operation of the sanatoria, one can realize the difficult situation of the League, and how impossible it would be for the same taxpayers, through their municipal units, to carry the additional burden of the health insurance scheme.

At the same time it is realized that the economy of Saskatchewan calls for the application of the insurance principle as far as possible in order that the risks may be equalized and that some degree of security be achieved. If health insurance is sound in principle, it can be achieved (1) by the adoption of such policies as will increase the taxpaying capacity of Saskatchewan to such an extent as to make the scheme financially feasible; or, (2) by the adoption of a scheme of National Health Insurance.

Direct Relief. It is submitted that the granting of direct relief must, according to the current concepts of political philosophy, be considered as a social service. It involves an intervention by the State in the interests of the security of the individual. The individual left helpless as the result of economic conditions over which he has no effective control, is just as helpless as if incapacitated by age or physical illness. Current social beliefs favour state intervention in order that the individual may obtain at least a minimum of security, and will not tolerate a policy of non-assistance.

It is further submitted that direct relief as a social service, including medical services to those on relief, must properly be considered as a matter of national concern. (1). It is a service of a character that can be admin-

istered nationally without danger of collision among divergent group philosophies. (2) The burden of direct relief is beyond the financial capacity of the provinces. This is at any rate true of most provinces, certainly of Saskatchewan. This proposition has been recognized, in part at least, by the action of the Government and Parliament of Canada. A large share of the burden of direct relief has been borne by the National Government. (3) Complete assumption of the burden of relief by the Dominion affords a means of equalizing, to some extent, the unequal incidence of certain national policies, particularly the incidence of the customs tariff, on the various provinces of Canada.

PART IX

THE ECONOMIC WELL-BEING OF THE PEOPLE OF SASKATCHEWAN

In other parts of this submission we have indicated the effects of agricultural depression and drought, of high freight rates and higher tariffs, and of Dominion monetary and fiscal policies upon the economic well-being of the people of Saskatchewan. We have shown how the burden of provincial, municipal, and private indebtedness and of capital disinvestment as revealed by the condition of our farms and industries, our schools and public institutions, our highways, and our telephone systems, menace the people of this province with a steadily declining standard of living. We might, perhaps, have emphasized the position of Saskatchewan as the Cinderella of the Canadian Federation by reference to certain other criteria or generally accepted "indexes of prosperity" such as bank deposits, taxable incomes, life insurance sales, and payments of succession duties. However, in this part of our submission, we have confined ourselves to a comparative statement of the volume of retail merchandise trade in the different provinces of the Dominion over a period of years, and to a brief description of the actual living standards of our people both before and after the depression. Food and clothing, housing and household furnishings, the ordinary conveniences and amenities of civilized existence, offer simple tests of the standard of living enjoyed by any population.

A. THE VOLUME OF WHOLESALE AND RETAIL TRADE

Low agricultural revenues in Saskatchewan have been reflected in sharp declines in all sales, and while it is impossible to separate rural and urban transactions, it is possible to give a rough quantitative measurement of the

TABLE I

Retail Merchandise Trade in Canada and the Provinces, 1930-36*

	Total Net Sales		Index of Retail Sales (1930=100.0)						
	1930	1930	1931	1932	1933	1934	1935	1936	
	\$								
Canada, Total	2,755,569,900	100.0	84.2	69.8	64.8	71.1	74.5	79.9	
Prince Edward Island	13,773,700	100.0	83.8	67.4	64.7	70.3	71.9	82.4	
Nova Scotia	99,519,900	100.0	90.3	75.1	69.2	77.2	81.6	87.5	
New Brunswick	84,371,900	100.0	85.0	67.6	62.1	69.1	73.1	79.4	
Quebec	651,138,500	100.0	86.4	71.5	64.9	69.0	71.3	76.5	
Ontario	1,099,990,200	100.0	86.6	71.8	67.4	74.9	78.0	83.0	
Manitoba	189,243,900	100.0	81.3	69.6	64.5	69.4	73.4	78.5	
Saskatchewan	189,181,100	100.0	70.8	59.2	54.5	59.4	63.2	69.0	
Alberta	176,537,100	100.0	76.1	65.6	61.8	69.0	73.3	77.3	
British Columbia	248,597,500	100.0	83.7	65.9	62.6	69.6	75.8	83.6	

* From Retail Merchandise Trade in Canada, 1936. (Ottawa, Dominion Bureau of Statistics, 1937.)

impact of the depression on the province as a whole. The value of retail trade fell off from \$189,000,000 in 1930 to \$103,000,000 in 1933, a decline of more than 45 per cent which, as shown in Table I, was greater than experienced in any other province. Similarly, the upswing in the value of retail trade, which became evident in 1934 and succeeding years has been less satisfactory than in any other part of the Dominion.

TABLE II

Retail Merchandise Trade in Saskatchewan, by Kinds
of Business, 1930-35*

Kind of Business	Total Net Sales		Index of Retail Sales (1930=100.0)				
	1930	1930	1931	1932	1933	1934	1935
	\$						
All stores	189,181,000	100.0	70.8	59.2	54.5	59.0	63.0
Food group	25,877,700	100.0	79.6	65.0	59.8	60.7	63.0
Country general stores	37,710,000	100.0	75.0	64.5	61.2	67.5	70.1
General merchandise group	20,102,400	100.0	82.2	71.0	69.5	73.5	73.2
Automotive group	27,048,700	100.0	60.9	45.7	41.5	50.5	62.1
Apparel group	10,231,900	100.0	78.8	67.2	58.5	62.7	68.0
Building materials group	22,612,200	100.0	64.0	55.6	47.7	51.9	57.7
Furniture and household group	4,087,300	100.0	75.8	56.1	47.7	51.5	58.4
Restaurants, cafeterias, etc.	5,551,900	100.0	75.5	55.2	49.7	52.2	55.2
Farmers' supply stores	4,281,900	100.0	56.4	51.1	43.8	47.5	51.5
Book stores	423,300	100.0	68.7	55.3	44.2	45.4	49.1
Coal and wood yards	3,678,300	100.0	85.1	81.2	70.2	63.9	68.7
Drug stores	4,988,000	100.0	79.6	68.8	62.1	66.0	68.5
Florists	297,000	100.0	85.5	65.3	54.9	55.6	62.0
Jewellery stores	1,103,300	100.0	63.5	49.0	49.0	52.9	60.0
Office, school and store supplies	956,400	100.0	65.8	63.3	44.0	48.8	59.4
Tobacco stores and stands	945,900	100.0	81.9	74.2	62.1	62.4	64.7
Government liquor stores	9,226,800	100.0	62.6	51.9	52.3	56.4	46.9†
Unclassified kinds of business ..	10,058,100	100.0	43.8	37.2	35.4	40.1	47.2

* From **Retail Merchandise Trade in the Prairie Provinces, 1935**, (Ottawa, Dominion Bureau of Statistics, 1936).

† The decline in Government Liquor Stores sales in 1935 is accounted for by the opening of beverage rooms and the consequent diversion of trade from government stores.

An analysis of the distribution of the decreasing value of total retail sales in Saskatchewan (Table II) shows wide variations between the different business groups. In 1934 the Dominion Bureau of Statistics after pointing out the close relationship existing between the changes in the volumes of wholesale and

retail trade in the prairie provinces, drew attention to one feature which is of particular significance in view of the repeated failure of field crops and gardens over a large part of Saskatchewan:

While wholesale sales in the prairie provinces show the largest decline for any region for the period 1930 to 1933 . . . there are several striking features in the trends by kinds of business. For the Dominion as a whole, the index of sales for foods is 68.9 in 1933, while in the prairie provinces it is 71.6. For groceries, the prairie index is 89.5 compared with 80.8 for the Dominion. In view of the large decrease in agricultural income in the prairie provinces, the maintenance of the sales of food products at such a high level is somewhat surprising. Two factors may have contributed toward the result. The first is a tendency toward greater purchasing through the regular wholesale and retail channels during the past four years; and secondly, the considerable amounts spent by governmental agencies for relief purposes in the prairie provinces. (1)

A number of different types of businesses showed losses in the value of trade exceeding 50 per cent between 1930 and 1933, although there was some improvement in almost every line in 1934. The greatest loss was experienced by the automotive retailers (including motor vehicle dealers, dealers in accessories, tires and batteries, filling stations, garages etc.) where the value of sales fell off almost 60 per cent between 1930 and 1933, but the building materials group was not far behind. Of the smaller businesses, farmers supply stores and the furniture and household group (including furniture, household appliances, home furnishings, radio and music stores) were hardest hit.

In addition to variations in the values of sales between the various business groups there has been considerable variation within the same group. In the automotive group, motor vehicle dealers fared worst, as might be expected, sales declining 63.7 per cent between 1930 and 1933, although recovery after 1933 was stronger than in any other business. In the building group, lumber yards, as might also be expected, showed the greatest loss, since "between 1929 and 1933 construction . . . in Saskatchewan declined approximately 98 per cent." (2) and there has been but a slight renewal of building activity in subsequent years. In the furniture and household group, household appliance stores fared worst and recovery has been slight.

It must be remembered that while the indexes of retail sales quoted above show only the movements in the dollar volume of sales, such indexes cannot

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- (1) *Wholesale Trade in Canada and the Provinces, 1933*, (Ottawa, Dominion Bureau of Statistics, 1935) p.3.
 - (2) *The Prairie Provinces in their Relation to the National Economy of Canada: A Statistical Study of their Social and Economic Condition in the Twentieth Century*, (Ottawa, Dominion Bureau of Statistics, 1934) p.111.

be taken, during periods of rapid price changes such as the years 1930 to 1932, as indicating the physical volume of trade. In the absence of price indexes constructed so as to be strictly comparable, it is impossible to state definitely how much of the decrease in dollar volume of sales is due to the decline in price levels and how much to a decrease in the quantity of goods consumed. While cost of living indexes are not constructed in such a way as to warrant their use as a correction for price changes in the index numbers of retail trade, they suggest the order of magnitude of price trends. The Dominion Bureau of Statistics weighted retail price index (including foods, fuel, clothing and household requirements) when adjusted to make the 1930 figure equal 100 was 85.3 for 1931; 75.1 for 1932; 72.5 for 1933; 76.2 for 1934; 76.6 for 1935, and 78.4 for 1936. (3) Without attempting to establish any precise mathematical relationship between the Bureau's Dominion retail price index and the Saskatchewan retail sales index, but recalling that when the 1930 figures for the latter also equals 100, the 1931 figure is 70.8; 1932, 59.2; 1933, 54.5; 1934, 59.4; 1935, 63.2; and 1936, 69.0 it seems clear that the decrease in dollar volume of sales has been much greater than the decline in the price level.

B. STANDARDS OF LIVING IN THE WHEAT ECONOMY (4)

The dominant position of wheat in the economy of Saskatchewan as an export staple determines the standard of living of the great majority of Saskatchewan farmers. Regardless of time or place, of conditions of general prosperity or

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- (3) *Retail Merchandise Trade in Canada, 1936*, (Ottawa, Dominion Bureau of Statistics, 1937), p.5. "In comparing the indexes of retail sales for the period 1930 to 1936 with the Retail Price Indexes . . . it should be remembered that figures for certain kinds of business are included in the former which are not included in the latter. In particular, automobile dealer establishments have considerable weight in determining the indexes of retail sales but commodities sold by these establishments are not included in the price indexes. It must also be remembered that the weighting system used in computing the Bureau's Indexes of Retail Prices is based on an estimated aggregate consumption in Canada, including a proportion which does not pass through the channels of distribution covered by the census of merchandising. The lack of a series of price indexes comparable to retail sales by kinds of business precludes any accurate correction of dollar value of retail sales for price changes. Nevertheless, the general trends in the indexes for both dollar value of sales and for retail prices indicates that during the period 1930 to 1933 the physical volume of goods distributed did not decline to the same extent as the decrease in the value of sales. Great differences in the variations in physical value, as in value of sales, may be found for different groups of commodities."
- (4) "Standard of living" is here used to include those goods meeting material and physical needs, namely food, clothing, housing, and fuel, together with goods and services contributing to the maintenance of health, education, recreation, and the social relationships of the family. As in similar studies in the United States, standards of expenditure have been accepted as the most satisfactory available measures of actual standards of living. See Carle C. Zimmerman, *Consumption and Standards of Living* (New York, 1936) and *Incomes and Expenditures of Minnesota Farm and City Families, 1927-28*, (St. Paul, University of Minnesota Bulletin 255, 1929) E. L. Kirkpatrick, *The Farmer's Standard of Living*, (New York, 1929) pp. 1-30, and *The Farmer's Standard of Living: A Socio-Economic Study of 2,886 White Farm Families of Selected Localities in 11 States*, (Washington, U.S. Department of Agriculture Bulletin No. 1466, 1926) pp. 1-4; J. A. Field, *Essays on Population and Other Papers* (Chicago, 1931) pp. 387-99.

general depression, the concept of a standard of living has probably less validity when applied generally to farmers than for any other economic group in modern society. This is particularly true in Saskatchewan where variations in soil, climatic conditions, crop hazards, economic development and productive efficiency between different districts and even within a given district are so pronounced. At the same time, through emphasis on different values, particular racial groups have standards of living vastly different, though not necessarily "higher or lower," than other racial groups.(5)

Furthermore, from the opening of the century down to 1929 there can have been few parts of the civilized world in which such tremendous advances from rude, pioneer levels were made possible by the application of constantly improving techniques to the rapid exploitation of virgin natural resources, as in the Prairie Provinces. The advance over such a wide area could be neither uniform nor continuous, and, although by 1929 it might be said that the wheat economy was in the process of transition from the pioneer stage of settlement to that of an established community, the problem of presenting an exact picture of the standard of living would be complicated by the fact that the process of transition was in varying degrees of fulfilment throughout the different parts of the region.

Since the cash costs make up a large part of the average farmer's minimum living expenses "his standard of living (except under severe pressure) is relatively fixed, and the cost of living of the farm family is essentially a business cost, a part of the farm overhead." (6) But since 1929 the standard of living obtaining under conditions of relative prosperity has been replaced by a much more flexible depression standard, and under the pressure of low prices and short crops this has been repeatedly driven down below what had previously been considered an irreducible minimum, so that the whole concept of a "minimum" not in terms of "health and decency" but below which the farmer will not continue to produce, may appear of doubtful validity. (7) In addition to the more rigid cash operating expenses, (8) municipal taxes (to keep primary

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- (5) "Different nationalities may be so unlike in their ways as to cause them to arrive at a given level of satisfaction with different amounts of money income." H. A. Logan and N. J. Ware, *Labour in Canadian-American Relations* (Toronto, 1937) Part II. For a discussion of standards of living and trends in modes of living in Doukhobor, Mennonite and German Catholic communities on the prairies see C. A. Dawson, *Group Settlement: Ethnic Communities in Western Canada* (Toronto, 1936) pp. 56-67; 130-6; and 312-7, respectively. On the standard of living of Ukrainian Communities see C. H. Young, *The Ukrainian Canadians; A Study in assimilation* (Toronto, 1931) pp. 100-4 and 287-8 and Robert England, *The Central European Immigrant in Canada* (Toronto, 1929) pp. 69-104.
- (6) W. A. Mackintosh, et al, *Economic Problems of the Prairie Provinces* (Toronto, 1935) p.21.
- (7) See V. W. Bladen, "The Theory of Cost in an Economy Based on the Production of Staples; Canada and Wheat" (*The Canadian Economy and Its Problems*, edited by H. A. Innis and A. F. W. Plumptre, pp. 135-42).
- (8) See above Part VI, sec. 2.

schools open) and debt charges have impinged upon standards of living and have, when coupled with sharply restricted credit facilities, tended to make living expenses residual rather than primary charges. Furthermore since the wheat farmer receives the bulk of his revenue in the fall of the year he is likely, under the pressure of his creditors, to pay out more than he can really afford, with the result that his standard of living may be seriously impaired for a large part of the following year.

Food and Clothing

Before the depression farm contributions accounted for between 40 and 50 per cent of the value of all food requirements on farms of the prairie region. The limitations to diversification imposed by climatic conditions were reflected in the diet of the farm family. There was as a rule plenty of salt pork, eggs, milk, cream and butter in summer, and of frozen beef and potatoes with reduced supplies of dairy products in winter. Farmers made very few purchases from the meat markets of the villages and towns, but in some communities a weekly supply of fresh meat through the summer months might be secured through a measure of informal local co-operation in the form of "beef-ring." (Each member of the "ring" in turn contributes an animal for butchering and division among the members, a small fee being levied to cover the cost of butchering and of cutting up the meat.) On the majority of farms cream was looked upon as a luxury and little was consumed either in summer or winter, nearly all of it being reserved for churning into butter or for shipment to the nearest creamery. The chief defect in the diet of the rural population was the preponderance of starches and meats and the inadequate supplies of leafy vegetables and fresh fruits. The deficiencies of the farm garden were partly overcome in prosperous years by fairly substantial purchases of canned tomatoes and canned corn, of dried fruits such as prunes and evaporated apples, of fresh fruit in the Fall for preserving, and of apples for winter consumption. Gardens began to show improvement in well-established communities as more time could be spared from the cultivation of field crops; trees were planted, which in addition to improving the appearance of the farmstead formed an effective "wind-break" or "shelter belt", both for the farm house and the farm garden, (9) making possible a much greater production of vegetables and the cultivation of small fruits specially adapted to the region. (10)

The collapse of wheat prices forced the prairie farmer to curtail cash expenditures on food, though, with the decline in the prices of cream, butter, eggs, meat and other farm produce partial compensation might have been expected

(9) See "Horticulture" **Guide to Saskatchewan Agriculture**, Department of Agriculture Extension, (University of Saskatchewan, 1936) pp. 76-81. "The wind break has a three-fold use: garden protection, home protection and beautification of the farmstead." C. A. Dawson, **The Settlement of the Peace River Country**, (Toronto, 1935) p. 140.

(10) See C. F. Patterson, **Hardy Fruits: With Special Reference to their Culture in Western Canada** (Saskatoon, 1936).

in an increased consumption of produce on the farm. Protracted drought effectively prevented such an adjustment over most of the area and sharply reduced the proportion of farm contributions. The following extract is typical of many communities in every year from 1929 to 1937:

"There is virtually nothing in the rolling hills and valleys at Buffalo Gap and Big Beaver, which are near the U. S. border due south of Bengough. Gardens were a failure. Potatoes will have to be brought in. . . . One man told of children whom he knew who had not tasted any other vegetables than potatoes for over two years. Meat, bread and potatoes form the diet of the majority it was stated, but this year it is feared that the meat will often be lacking and the potatoes as well. Such is the progressive effect of six years of drought." (11)

Under such circumstances direct relief quickly became necessary if starvation was to be averted, though the standard of living was often actually lower for the very large marginal group that managed to avoid relief or for those who were just about to be pushed on to relief, than for actual relief recipients, though the relief schedules have not been extravagant. The maximum food allowance for a family of five for one month under the Saskatchewan Relief Commission in 1933-34 was \$10.00 plus one 98 pound bag of flour; under the Bureau of Public Welfare of the Department of Municipal Affairs in 1935 it was \$13.15; 1936, \$16.50; 1937, \$20.20, without separate allowances for flour. If the relief applicant had meat 15 per cent was to be deducted from the allowance; if dairy products, a further 10 per cent; if vegetables 10 per cent. Under the Relief Commission no purchases of fruit of any kind or of vegetables (other than potatoes and dried beans) were permitted; (12) the Bureau of Public Welfare has allowed the recipient a 'consumer's choice'. Medical men have reported evidence of malnutrition, particularly among children, in the drought area and have emphasized deficiencies in diet. In September, 1937, the Federal Minister of Agriculture stated that, "It is apparent, that there has been a shortage of vegetables and fruit in the diet of people on relief." To meet this situation the Minister announced government plans to purchase large stocks of fruits, vegetables, beans, cheese and dried fish for distribution in the drought areas of Saskatchewan and Alberta. To November 19th, 782 carloads had been distributed in Saskatchewan.

(11) D. B. MacRae and R. M. Scott, *In the South Country: A Reprint of a series of articles which appeared in the Winnipeg Free Press, Regina Leader Post, and the Saskatoon Star-Phoenix in September, 1934, as a result of a tour of the drought-stricken districts of Saskatchewan and Manitoba.* (Saskatoon, 1934) pp. 18-20.

(12) See Saskatchewan Relief Commission Schedules. "Following merchandise only will be supplied to above totals: (The schedules all provide for a sliding scale for families of 1 to 14 persons). Potatoes, beef, pork, fish, butter, sugar, rolled oats, salt, tea, coffee, jam or honey, beans, pot barley, corn meal, yeast, baking powder, pepper, soap, coal oil, matches, epsom salts and saltpetre." The Commission probably presumed that a minimum of vegetables and fresh fruit would be supplied through the Saskatchewan Voluntary Rural Relief Committee; see above, Part VI, section 3.

The hardships of depression have been pronounced in the case of clothing since this is entirely a cash expenditure. Even in more prosperous days the clothing of the farmer and his family came from the mail order house or the local 'general store' and was chosen with a view to cheapness and utility. Apart from working clothes, the farm family did not spend much on clothing. The high cost of working clothes, of overalls and boots for men, and the rigours of a prairie winter made clothing expenditures relatively high. Clothing expenditures could be drastically cut down or even postponed for a year but the cumulative effects of poverty are apparent in every part of the prairie region. (13) At Cadillac, Kincaid and Gravelbourg, in 1934 most of the farmers had been on relief for from three to five years.

"This means that replacement of things in the home has been at a low point, or practically not at all. This is the most aggravating feature of the drought. One farmer described the situation as 'patching up old clothes with clothes already patched, only to find that the garment had given away somewhere else.' Examples are everywhere but repetition of them would not ease the circumstances. Clothing and bed clothes are badly needed." (14)

In the Mortlach-Chaplin area just west of Moose Jaw,

"Clothing has been reduced to a minimum and bed clothes are reported as a great necessity, being but a remnant of what they once were and worn thin with age. Bare necessities have been the rule during the past few years. Farm homes such as these have never been run on a lavish scale. The people live simply and modestly, so reduction from their scale of living means more to the farmer and his wife and family than would at first appear." (15)

Much further south and east, in the Bengough area, conditions were even worse,

"In some farm houses near the United States border . . . information was given of cases where one girl wore 'the dress' to school one day while the sister stayed at home. Next day they alternated, one staying at home and one going to school. Even the tea kettle is worn out and has been replaced by a lard pail. Broken panes of glass have been replaced by cardboard." (16)

(13) For those forced to accept relief the maximum clothing schedules of the Saskatchewan Relief Commission allowed \$9 per year for an adult, \$6.25 for a boy, \$5.25 for a girl, and \$2.50 for an infant, with a maximum per family for large families of \$75 in 1933-34. By 1937 this had been increased to \$14.00 for the first adult and a maximum of \$140 for a family of 20. These grants have been supplemented by the contributions made through the Saskatchewan Voluntary Rural Relief Committee, for a discussion of which see above, Part VI, section 3.

(14) MacRae and Scott, *In The South Country*, p. 14.

(15) *Ibid.*, p. 7.

(16) *Ibid.*, p. 18.

Housing and Household Furnishings

The farm houses of the prairies are much smaller than those found in other parts of Canada.

"The large six room dwelling is predominant in the Maritimes and Ontario where there is least evidence of crowding and conversely on the prairies where three and four room dwellings predominate, there is definite evidence of inadequate living space, particularly in rural areas . . . Over 60 per cent of prairie rural homes contain four rooms or less, while the number of such homes in Ontario is less than 23 per cent. In Alberta and Saskatchewan there are more rural households occupying two rooms than in any other room group." (17)

As might be expected, the room space per person is less in the Saskatchewan wheat belt than anywhere else in the Dominion. The rooms per person for the rural population of the different provinces are as follows: Prince Edward Island, 1.65; Ontario, 1.53; Nova Scotia, 1.49; New Brunswick, 1.29; British Columbia, 1.17; Quebec, 1.05; Manitoba, 0.93; Alberta, 0.88; Saskatchewan, 0.84. (18)

The size of the Saskatchewan farm house is partly a reflection of pioneer conditions and the relatively short period of settlement, partly a result of the high cost of lumber and other building materials, and partly a consequence of the absence of any fuel on prairie farms to ease the expense of heating through long cold winters. The sod-shack, characteristic of early plains settlement, was the prairie equivalent of the log-cabin of wooded areas. The durability of the sod-shack was definitely limited, and it has practically disappeared from the prairie landscape, being replaced by the frame house of one or two story construction. (19) The change did not always represent an improvement, for although nearly every community possesses attractive farm houses, these are generally outnumbered by the small, unpainted, dreary, wooden shacks inadequate in size or warmth of construction to properly house the farm family.

(17) *Seventh Census of Canada: The Housing Accommodation of the Canadian People*, (Ottawa, Dominion Bureau of Statistics, 1935) pp. 3 and 8.

(18) *Ibid.*, p. 6.

(19) Less than one per cent of prairie farm houses are of stone, brick, brick veneer, or cement block construction. In many of the South-Eastern and Central European communities, (located largely in the park belt), buildings are fashioned upon the models of the country from which the settlers came, but there is a strong tendency for the thatched roof, log and clay or lumber and clay dwellings of the Ukrainians and the Russians to be replaced by a standardized Canadian house when the family fortunes will permit of the transition. The log-cabin of the park belt and the wooded zone survives only on the northern fringe of settlement.

The quality of farm houses shows a great variation from district to district, depending partly on the stage of economic development, but more fundamentally perhaps on the income-earning capacity of the soil. On the choice wheatlands of the Regina plains and in the well-established Davidson area the average investment in houses, which are nearly all of frame construction, is in excess of \$2,000. Mature communities on good land such as Indian Head and Balcarres, Grenfell and Wolseley support comparable housing investments. Kindersley with farm houses possessing an average value of \$1300 occupies a position roughly mid-way between these better districts and the cheaper structures found on the marginal wheatlands of the Maple Creek and Brokenshell areas. (20)

In all communities the depression has meant the cessation of construction and the neglect of painting and repairs. In a survey including 832 farm houses in seven rural municipalities in southwest central Saskatchewan in 1935 the condition of 13 per cent of the houses was reported as good; 41 per cent as fair; and 46 per cent, poor. "The effect of six years of successive partial or total crop failures is reflected more readily in the condition of the farm buildings than in any other visible factor. It is practically impossible to maintain the buildings on the prairie farms without some cash outlay each year. When the income from the farm is reduced, one of the first things to be neglected is the upkeep of the farm building." (21) The winter fuel problem, always acute on the prairie plains, was intensified with the decline of cash income, and unrepaired houses have added greatly to the discomfort of farm families and to the relief fuel bills of government. (22)

The primary consideration in the construction of a prairie farm house is that it may be kept reasonably warm with the typical and inexpensive but uncomfortably primitive heating system. Only a very small number of farm houses are equipped with central-heating systems, by means of which each room is heated through the circulation of steam, hot water, or more commonly, by hot air from a furnace in the basement. In the great majority of cases, the coal burning kitchen range, alone if the house is small, supplemented by a heater in the living-room in all larger houses, is relied upon to heat the house.

(20) For details of housing and of farm living expenditures in representative farming districts of Saskatchewan see the Surveys of the Farm Management Department of the University of Saskatchewan as listed in Part VI, section 4.

(21) **Preliminary Report of a Study of Certain Physical and Economic Factors related to Land Use Classification in South-west Central Saskatchewan** (Saskatoon, November 1936, typed, p. 58. Condition of the barns on 825 of these farms was: 10 per cent, good; 30 per cent, fair; and 60 per cent, poor.)

(22) The provision of winter fuel in the dried-out area has cost governments an average of over \$1,000,000 for the last six years. More than 100,000 out of 136,472 Saskatchewan farms reported no forest products of any sort in 1931. See **Census of Agriculture Saskatchewan, 1931** (Ottawa, Dominion Bureau of Statistics 1936) p. 44.

The furnishings of the average Saskatchewan farm home have always been distinctly utilitarian in character. The pressure on available resources during the early years of settlement meant that the standardized living room furniture, rugs, books, pictures and other furnishings of a modest urban home were rarely seen. Nevertheless, during the decade prior to the depression a definite trend towards greater emphasis upon improvement of the farm home was evident in many established districts where crop yields had been satisfactory. Though the furniture generally remained cheap and inadequate, more was introduced, improved gasoline and kerosene lamps and occasionally small electric lighting plants (23) began to replace the small coal oil lamps; window curtains and rugs became more common; a portion of the garden space was devoted to flowers and shrubs and house plants began to appear at the windows. It would be easy to exaggerate the extent of the advance, but cash expenditures were abruptly checked by depression. In the Kindersley area in 1930, 80 per cent of the farms bought new furnishings and the expenditures per farm reporting purchases averaged \$74. In the roughly comparable areas of Scott in 1932 and Balcarres-Indian Head in 1933, only 5 and 14 per cent bought new furnishings and purchases per farm reporting averaged \$28 and \$27 respectively. All other surveys indicated similar declines and a tendency to completely ignore replacements.

Farm Facilities.

Since few prairie farms are equipped with electric power few farm women can enjoy the use of the multiplicity of domestic conveniences which are considered necessities rather than luxuries by urban housewives. The only labour-saving device found in most farm houses is some sort of washing machine, a few of which are operated by a small gasoline engine, the majority by hand. For ironing, the heavy old-fashioned sad-iron which can be heated on the kitchen range, is in general use. Running water is seldom found in prairie farm houses. The division which includes the Regina plains had the best record in the census of 1931 with 2.8 per cent of the farms reporting this convenience. (24) The difficulties and expense of obtaining an adequate and convenient water supply

(23) In the Census Division which included the Regina plains, 5.8 per cent of the farms reported electric lights in 1931. The average for other census divisions of the wheat belt was about 3 per cent including some lighting by gas. (See *Census of Agriculture, Saskatchewan*, pp. 44-45) When the Saskatchewan Power Commission was established in 1929 it was hoped that the rapid extension of power lines from the cities of Saskatoon, Swift Current and North Battleford to link up smaller urban centres would enable farmers to avail themselves of electric light and power, but depression and high costs of installation have prevented both extension of Commission lines and increases in rural subscribers. In September, 1937, less than 100 farmers were served by the Commission and the private power companies.

(24) This division included 8,878 farms of which 249 reported water piped in the kitchen and 224 water piped in the bathroom. For a number of other census divisions in the south-west the proportion was less than 1.5 per cent. (See *Census of Agriculture, Saskatchewan*, pp. 44-45.)

in many of the best wheat growing districts and of protecting a piped water system from frost in winter are the chief factors keeping the proportion so low. With little domestic help (25) the absence of these facilities must of necessity, particularly during the busy season, impose additional burdens on the farmer's wife. However, it must be recognized that in some cases at least this situation is the result of choosing out of limited incomes between facilities giving diversion, enjoyment and relief from social isolation, such as the radio, telephone and the automobile on the one hand and those which are merely labour-saving on the other. This preference is not difficult to understand, especially when the recreational facilities may be enjoyed by all members of the family and are coupled with distinct economic advantages. Thus the radio has a much greater vogue than power washing machines and in 1931 was to be found on more than half the farms in the best wheat growing districts. Radios were much less common in the more scattered farm houses of poorer districts so that the proportion for the prairie area as a whole did not exceed 25 per cent. In 1931 Saskatchewan was at the bottom of the list with respect to water piped into farm houses and electric lighting, although standing second only to Ontario in farm automobiles and telephones, and to Ontario and British Columbia in farm radios. However, it is extremely doubtful whether she has maintained her relative position with respect to the last three facilities through the depression. Table III shows the percentages for each province of the Dominion in 1931.

The economic and social importance of the rural telephone was recognized by the pioneer and though construction costs were high, a network of long distance and rural connecting lines had pretty well covered the prairie region by 1921. (26) In many of the better well-established districts 80 to 90 per cent of the farmers had telephones; the proportion fell below 20 per cent for the marginal lands of the south west, but averaged upwards of 50 per cent for the region all through the nineteen twenties. In addition to saving valuable time the telephone has helped to break down the loneliness of prairie farms. It has gone far to relieve the sense of social isolation which has naturally been one of the outstanding characteristics of large scale agriculture and has given a sense of security by linking up the remote farms with centres where medical and other assistance might be available when needed. By facilitating rapid and effective organization the telephone was an important factor in the growth and development of the co-operative movement.

(25) Most of the domestic help hired is for the summer season, some only for the peak-load coming at harvest time. Hirings for the year are uncommon. Less than 15 per cent reported any employment of domestic help at Kindersley in 1930; 18 per cent at Maple Creek and Richmond, and 25 per cent at Davidson in 1931; 21 per cent at Rosemount and Reford; 15 per cent at Scott; less than 5 per cent at Wellington and Brokenshell, in 1932; 22 per cent at Balcarres-Indian Head, and 9 per cent at Grenfell-Wolseley, in 1933; and 17 per cent at Humboldt in 1934. In all districts the average period of employment was less than six months. Conditions are frequently unsatisfactory for the 'hired girl'; the hours of labour are unduly long, the work heavy, (commonly involving milking and other outside chores), and wages insufficient to offset the attractions of urban employment.

TABLE III

Proportion of Farms with Farm Facilities in Canada and Each of the Provinces, 1931.*

	Auto- mobiles %	Tele- phone %	Radio %	Gas or electric light %	Water piped in kitchen %	Water piped in bathroom %
Canada	44.1	32.1	16.4	10.0	11.7	4.9
Prince Edward Island	30.2	21.6	10.9	4.0	5.6	3.8
Nova Scotia	26.1	26.0	12.1	9.5	10.2	4.3
New Brunswick	30.6	20.9	7.8	7.4	11.2	4.0
Quebec	19.8	19.4	6.3	14.0	31.9	8.2
Ontario	65.4	54.1	21.5	16.8	10.4	6.3
Manitoba	47.2	24.2	18.1	3.6	1.9	1.5
Saskatchewan	47.7	34.2	20.2	2.8	1.4	1.2
Alberta	43.9	17.0	17.7	2.8	2.1	1.5
British Columbia	40.6	26.5	23.6	24.5	31.2	20.0

* Compiled from, Final Bulletin No. XIX., Census of Agriculture, 1931, pp. 10-11.

Next to the farm home and the rural school the institution which shows most clearly the impact of depression and drought is the rural telephone. It may be assumed that ordinarily the farmer gives up telephone services with extreme reluctance. "Consider," writes Mrs. Telford of Pelly, "a farmer's financial straits when for \$10.50 a year he will do without a telephone. Perhaps he is 10 or 15 miles from town, perhaps a mile from his nearest neighbour, yet for the sake of that paltry sum, he will face the hazards, the isolation, the social inconvenience of doing without his telephone. I think this more than anything else shows our western financial position." (27) Every effort has been made by the Provincial Government and the rural telephone companies to stem the loss of farm telephones. Yet between 1930 and 1936 the number of subscribers declined by nearly 50 percent in the wheat belt. A few widely scattered examples picked at random from the Annual Reports of the Department of Telephones illustrates the general situation. North Forres Rural Telephone Company situated in the Maple

(26) See G. E. Britnell, *Public Ownership of Telephones in the Prairie Provinces*, Masters' Thesis, University of Toronto, Chapter III. Development was not as rapid in the northern part of the province.

(27) Gertrude S. Telford, *Livingstone: A Social Survey*. Masters' Thesis McMaster University, 1931, p. 36. The \$10.50 charge has reference to the annual service rental. The average rental in 1935 on the basis of information supplied by the Department of Telephones would appear to have been about \$11 per year. Payments of debentures issued to cover cost of construction of rural telephone lines are met by tax levies on lands adjacent to the lines.

Creek area of the southwest declined from 471 subscribers in 1930 to 221, in 1936; the Golden Brae Rural Telephone Company at Gravelbourg in the south central area dropped from 52 to 13 in the same six year period; the Alameda Rural Telephone Company in the southeast, from 91 to 54; the Pibroch Company outside Regina from 104 to 57; the Macrorie system in the central section from 185 to 79; the Viscount system near Saskatoon, from 475 to 313; and the Kerrobert system in the west central section from 249 to 108. (28)

The automobile came, particularly between 1920 and 1930, to supplement the telephone both economically and socially. Its economic advantages are obvious in a region of great distances and short seasons, where time is frequently at so great a premium. "When once seeding 'opens' everything rushes tumultuously to the last stages of threshing and marketing. In this activity accidents happen, ploughs, drills, binders, threshing outfits break and repairs must be obtained . . . A drive of 5 to 30 miles by car is vastly different to the same distance by team and wagon." (29) Although the first heavy snowfall usually brings motor traffic to an end until the following spring the farm automobile has made a definite contribution to the social life of the prairies. Social intercourse between neighbors, attendance at community gatherings and public meetings, co-operative organization, visits to larger urban centres, occasional trips to a neighbouring lake are all made measurably easier, in some cases only made possible, through the automobile. (30)

Through the twenties the number of automobiles (including motor-trucks) on prairie farms more than doubled. By 1930, automobiles, like telephones were to be found on 80 to 90 per cent of all farms in the better, well-established districts. On inferior lands the proportion might fall to less than 40 per cent but for the whole prairie region the average was nearly 60 per cent. While most of the automobiles were of the cheapest manufacture, larger cars might often be seen in prosperous communities; in poorer communities, old and battered models of the cheaper cars did service.

(28) See *Annual Reports of the Department of Telephones, Province of Saskatchewan, 1930 to 1936*. Regina King's Printer, 1931 and 1936). The peak of development for the province was reached in 1930 with 71,616 rural telephones, falling off to 39,488 at the end of 1934, though it was reported at that time that there were 73 rural companies with "a total of 1737 subscribers at their last reporting, which at the end of the calendar year 1934 were not connected to any central exchange, but whose subscribers are getting a partial service within their own circuit or group of circuits . . . Also service is given in some districts by unorganized rural groups. The estimated total number of telephones in service of this kind is 650." In 1936, 41,931 subscribers were given with 2,023 "unorganized or otherwise not reported." Losses have not been as heavy in the northern part of the province as in the south.

(29) Telford, *Livingstone: A Social Survey*, p. 34.

(30) A recognition to the dual use of the automobile for business and social purposes is to be seen in the practice followed in farm management surveys of charging half the expense of operation to farm operating expenses and half to personal or living expenditures. The effects of the automobile on retail distribution have been noted above, in Part V, section 7.

With the depression car registrations fell rapidly and by 1933 nearly half the farm automobiles of the prairie region had been taken off the roads. Automobiles were operated on from 80 to 90 per cent of all farms included in the Kindersley (1930) and Davidson (1931) surveys, and also on farms located on the greatly inferior lands of Maple Creek and Richmond in the latter year, but only 45 per cent of the farms in the good Balcarres - Indian Head and Grenfell-Wolseley districts reported automobile expenditures in 1933. Reduced operation was indicated by the sharp reduction in automobile expenditures for farms reporting cars in use. Separate registrations of farm automobiles are not recorded by the Motor License Branch of the Department of Highways. Motor licenses issued excluding the 8 cities of the province but including smaller urban centres and all rural areas of the province, were as follows: 1929, 89,475; 1930, 88,325; 1931, 71,894; 1932, 57,761; 1933, 52,660; 1934, 59,310; and 1935, 60,373. The total number of farm automobiles in Saskatchewan declined from 65,094 at the Census of 1931 to 54,469 at the Census of 1936. During the period 1929-33 the consumption of gasoline (cited by the Dominion Bureau of Statistics as one of the "indexes of prosperity") declined more rapidly in Saskatchewan than anywhere else in Canada. The decline for the province (rural and urban) between 1929 and 1933 was 54.6 per cent; for the three prairie provinces 39.5 per cent; and for the Dominion 11.4 per cent. (31) Naturally there have been practically no replacements or sales of new cars in any part of the region since 1930.

'Advancement Goods' and Non-essentials.

The contribution to the social life of farm families made by many farm facilities is similar to the contribution made by a wide range of expenditures which do not lend themselves to convenient or accurate classification but which are sometimes termed 'advancement goods'. (32) Definite responsibility for moral judgments in doubtful cases of personal luxury or semi-luxury expenditures may be avoided by coupling 'non-essentials' with 'advancement goods.' Expenditures for religious and charitable purposes tend to show rather less flexibility than most other items in this general group since they represent institutions which a community will make every effort to maintain when hard times come, though the measure of support extended at any given time will vary greatly from district to district depending on race and religion as well as upon economic factors.

(31) See *The Prairie Provinces in their Relation to the National Economy of Canada: A Statistical Study of their Social and Economic Conditions in the Twentieth Century*, (Ottawa, Dominion Bureau of Statistics, 1935), pp. 108-115.

(32) "That portion of family living expenditure devoted to educational costs, expenditures for recreation, and general social participation has been designated as expenditure for advancement goods." C. A. Dawson, *The Settlement of the Peace River Country*, p. 148. See also C. A. Dawson, *Group Settlement: Ethnic Communities in Western Canada*. (Toronto, 1936) and E. L. Kirkpatrick, *The Farmers' Standard of Living*.

Ordinarily as the marginal lands are approached both the proportion contributing and the average contribution tends to fall away rapidly.

Since the greater part of both elementary and secondary education is financed through taxation, the item of education figures in the farm budget largely in the form of outlays for school books and supplies, music lessons, correspondence courses, and for maintaining children away from home at a high school or university. Thus wide variations between farms and between districts are to be expected. At Kindersley, in 1930, 95 per cent of the farms reported educational expenditures averaging \$47 for each farm reporting; at Davidson in 1931, not quite 60 per cent of the farms reported any expenditures though the average for farms reporting was \$66. The proportion of farms reporting was slightly higher at Scott in 1932, but the average expenditure for farms on this item was only \$25; for comparable proportions at Balcarres-Indian Head and Grenfell-Wolseley in 1933 expenditures averaged about \$29. Contraction of educational expenditures during depression may be less pronounced in poorer than in better districts since economic conditions never permitted much expansion of this item.

Expenditures for personal, social and recreational purposes may be compressed more readily under the impact of adversity than most other types of living expenditures. Vacations, trips to the city, outlays on books and periodicals, on entertainments and amusements, on tobacco, on liquor, (33) on luxuries and semi-luxuries, etc., can be either deferred or sharply reduced. However, expenditures for these purposes differ from religious and educational outlays in that the proportion of farm families having no expenditure of a personal or social character is likely to be negligible except under conditions of the most extreme poverty. At Kindersley in 1930, the average expenditure for all farms was \$106; on the poorer soils of Richmond and Maple Creek in 1931 the average was over \$82, and at Davidson in the same year with a poor crop, \$67. At Scott in 1932 following a crop failure personal and social expenditures averaged only \$37 and at Balcarres-Indian Head in the following year, \$39. Averages for Wellington and Brokenshell in 1932 and Grenfell-Wolseley and Neudorf-Lemberg in 1933 were lower at around \$26 per farm for each district.

(33) Between 1930 and 1932 the Saskatchewan Government Liquor Board found it necessary to close approximately half of all beer stores of the prairie area as "depressed economic conditions reflected themselves acutely in the sales of beer." Regional figures are not available but the number of stores open in the province fell from 182 to 122. Receipts from the sale of beer in towns and villages fell off by two-thirds between 1929 and 1934, (from \$4,262,329.44 to \$1,422,985.05) and Liquor Store Sales by three-quarters, from \$3,339,260.90 to \$840,556.55) in the same period. Information from N. B. William, Chairman, Saskatchewan Liquor Board, Regina, August, 1935. See also *Annual Reports of the Liquor Board, Saskatchewan, 1930—1936.*

CONCLUSION

In this brief survey no attempt has been made to offer an exhaustive study embracing all the "indexes of prosperity." It is believed, however, that the material here submitted will better serve the purpose of indicating the economic well-being of the people of Saskatchewan. The so-called "indexes" would tell the same story.

Reference has been made in earlier parts of this submission to the tremendous burden of debt presently carried by farmers and others in this province. But a debt burden is not necessarily an indication of a low standard of living or of a lack of economic well-being. The debt of one person may be the credit of another. In the case of Saskatchewan, however, it is believed that the debt secured on farm land is held largely outside the province. An analysis of some \$90,000,000 of debt secured on Saskatchewan farms, in the form of mortgages and agreements of sale, reveals approximately 83.5 per cent held outside the province and 16.5 per cent inside the province.

The burden of debt carried by farmers and others is a heavy one, and the work of years will be required in order that the capital goods of the province may be restored to the levels of 1929. The province has one great asset, however, in the strength and courage of its people, especially as exemplified during the past eight years. In the coming years with normal crop conditions, these people will prevail. In this struggle it is submitted that they should be assisted by being freed of the bondage of the customs tariff.

PART X

SASKATCHEWAN AS A PART OF THE ECONOMY OF CANADA

The contribution which Saskatchewan has made in conjunction with the neighboring provinces of Manitoba and Alberta to the general welfare of the Dominion is illustrated in part by an examination of the agricultural and industrial development of the provinces of Ontario and Quebec since 1881.

The general setting is indicated by Table I which presents (a) data relating to the growth of the population of Ontario and Quebec, and also in the Prairie Provinces, and (b) the number of persons occupied in agriculture in these two areas. In Ontario and Quebec there was a steady growth of population from 1881 to 1901 of somewhat under one per cent per year. Census reports indicate from that time on a rate of growth almost twice as great. In these two provinces the number of farms and the persons occupied in agriculture are remarkably constant over the fifty year period (1881-1931), and little expansion occurred in the acreage of field crops. The relatively unchanging status of agricultural operations continued while industrial development was conspicuously active and it was in growing industries that occupations were found for the increasing population. In the west rapid increases in population came about, particularly following the close of the last century, through new settlement actively encouraged for the definite objective of bringing into being an extensive new agricultural region, which incidentally created a market demand for a wide variety of manufactured products.

The growing market for industrial products in the western prairies was expanded by an increase in population of about one and a half million in the twenty years from 1901 to 1921. During the same period the home markets of Ontario and Quebec experienced an expansion of demand for their products of an approximately equal amount. It was in these markets that the growing industries of Ontario and Quebec were able to find a large and highly profitable outlet for their products.

In contrast with the lack of change in the number of people occupied in agriculture in Ontario and Quebec is the growth in other industries, which may be shown by the data relating to manufactures for the thirty years 1900 to 1930. Before 1900 the rate of growth of manufacturing industries had been slow with some declines from 1890 to 1900. For the province of Quebec the number of employees in manufacturing establishments increased from 110,329 in 1900 to 158,207 in 1910, (43.4 per cent), and made further substantial increases from 1910 to 1920, (about 17.8 per cent), with a further expansion of about ten per cent from 1920 to 1930. Salaries and wages paid the employees showed gains in proportion with a slackening of the rate of increase before 1930. Capital invested in manufacturing concerns increased very rapidly through-

TABLE I

Statistics of Growth of Population and of the Numbers of Persons
Occupied in Agriculture in Ontario and Quebec and in the
Prairie Provinces, 1881-1931
(in thousands)

Year	Ontario and Quebec				Prairie Provinces		Saskatchewan	
	Total pop- ulation	Persons occupied in agri- culture	Number of farms	Acres of field crops	Total pop- ulation	Persons occupied in agri- culture	Total pop- ulation	Persons occupied in agri- culture
1881	3,286	506	345	12,518	118	15	-----	-----
1891	3,603	545	-----	12,231	252	47	-----	-----
1901	3,832	502	344	13,916	419	79	91	-----
1911	4,533	512	362	15,164	1,327	283	492	133
1921	5,295	526	336	15,129	1,956	375	758	174
1931	6,306	536	328	15,440	2,354	443	922	204

out the period. The situation in Ontario was similar in character. Employees in manufacturing industries increased by 47 per cent from 1900 to 1910, by 26 per cent from 1910 to 1920, and by 2 per cent from 1920 to 1930. The total amount of salaries paid to employees doubled from 1900 to 1910, trebled from 1910 to 1920; the 1930 figures registered a slight increase over 1920. Capital invested in manufacturing industries practically trebled from 1900 to 1910, more than doubled from 1910 to 1920 and increased by 45 per cent from 1920 to 1930. By 1930 the total investments in the capital of manufacturing industries in Ontario was 11.3 times that of 1900, and 2.2 times the estimated value of the farm land and buildings reported in the census of 1931 for that province.

Table II indicates the progress made in the manufacturing industries in Ontario and Quebec from 1900 to 1930:

TABLE II*
Statistics of Manufacturing Industries in Ontario
and Quebec, 1900-1930

Year	Ontario			Quebec		
	No. of employees	Salaries and wages paid	Capital invested	No. of employees	Salaries and wages paid	Capital invested
		Million dollars	Million dollars		Million dollars	Million dollars
1900	161,757	56.5	215.0	110,329	36.6	142.4
1910	238,817	117.6	595.4	158,207	69.4	326.9
1920	300,794	369.8	1,668.1	186,308	205.8	1,028.2
1930	307,477	370.8	2,431.4	204,802	216.8	1,727.1

* All data from Canada Year Books 1936 and 1937.

With the changes accompanying the progressive industrialization of Ontario and Quebec, came changes in the proportion of the population reported as rural, which had steadily declined since 1881. In that year Ontario had 61 per cent of her people in rural areas, and Quebec 66 per cent. By 1911 the rural population of Ontario was about 47 per cent of the total and of Quebec 52 per cent. The latest census, 1931, showed Ontario with 39 per cent of her population in the rural classification and Quebec with 37 per cent.

The proportion of the total population engaged in agriculture has declined steadily since 1881 in Ontario and Quebec. Figures for 1881 showed 14.9 per cent of the total population of Quebec occupied in agriculture and 15.8 per cent of that of Ontario. Corresponding figures for 1911 were Quebec 10.2 per cent and Ontario 12.1 per cent; and for 1931, Quebec 8.0 per cent and Ontario 8.9 per cent. Of all persons gainfully employed in 1931 Quebec had 22.5 per cent in agriculture and Ontario 22.7 per cent, whereas in Saskatchewan 60.2 per cent were so employed.

The early developments of agriculture in Quebec and Ontario included a substantial proportion of dairy and livestock farming, for which the areas included in the farms are naturally adapted. The growing of grains, particularly fall wheat, oats and barley were usually fitted into a rotation which included a fairly large amount of land for hay. The more hilly parts of the farms were available for pasture. There were certain areas which were found to be particularly favourable for fruit growing and others near large centres where specialized operations for market milk production and truck farming were established on a limited scale. With the increase of non-agricultural population came a gradual change in the type of markets available for agricultural products, and consequently adaptations in the types of farm enterprises. The growth of the old centres of industry and the establishment and development of new ones brought about an ever increasing demand for food products which could best be produced on nearby farms, e.g., milk for consumption in fluid form, cream for household use, vegetables, fruits of certain kinds, poultry and eggs. It thus became profitable to modify the existing type of farm organizations to take advantage of the new markets and introduce a degree of diversification of farm enterprises.

An example of the degree of change is to be seen in connection with the production of market milk for urban centres. In 1901, the requirements of fluid milk in urban centres, assuming one-half pint per capita, amounted to 11.8 million gallons per year for the province of Quebec and 17.1 million gallons for Ontario. Comparable figures for 1931 showed Quebec 33.1 million gallons and Ontario 38.3 million gallons. The increase in requirements for these two provinces amounts to 42.5 million gallons, or 147 per cent of the amount needed in 1901. The increases in consumption of other foods may be expected to be in much the same proportion, modified by such changes

as may have been brought about by shifts in consumer habits. Such shifts in consumption habits that did take place in general favored the consumption of products of the districts adjacent to the consumers.

The developments in western agriculture, of which those in Saskatchewan were the most spectacular, were in large measure responsible for the industrial expansion of Quebec and Ontario. As observed by Professor Innis in "Problems of Staple Production" (p.99) "It is difficult to over-estimate the importance of wheat to Canadian industrial development and to Canada's present problems. The economic and political structure of Canada have been built up in relation to the production and export of wheat . . . Moreover, the expansion of industry in eastern Canada, and the consequent revolution of eastern agriculture was largely a result of the opening of the west, especially after 1900. The development of the lumber industry in British Columbia and the development of coal mining and the iron and steel industry in the Maritimes were stimulated by the marked increase in the production of wheat . . . On the whole, wheat has continued in the war and post-war periods as the *raison d'être* of enormous investments of capital in Canadian transport, industry and agriculture, and fluctuations in the volume of wheat produced in Western Canada have been registered directly and indirectly in the economic conditions of other parts of Canada. Its influence has been tempered by the growth of mining and of pulp and paper industries, but it remains of basic importance."

It is thus seen that Western Canada, of which Saskatchewan is so important a part, has contributed in no small measure to the establishment, growth and stability of industry generally, and also of agriculture in other parts of the Dominion of Canada. Accompanying the establishment of industries in Quebec and Ontario have come more people, more wages and salaries and more expenditures for agricultural products as well as for the products of the industries these non-agricultural people are engaged in. Without increasing the number of people occupied in agriculture in these two provinces, there has been an adjustment of the general farming operations to a well developed and diversified agriculture operating in large measure to supply a particularly attractive market near at hand.

In contrast with the single crop system of farming of the Prairie Provinces, with its many uncertainties, the agriculture of Quebec and Ontario, primarily engaged in supplying the needs of industrial areas, seems particularly favoured. The farmers of Western Canada have made a significant contribution to the diversification and stability of Eastern agriculture.

These observations direct attention to some features of the contribution of Saskatchewan to the welfare of the other provinces and of the Dominion as a whole. The contribution of the wheat economy to the support of the national transportation system has been referred to in an earlier portion of this submission.

PART XI

PROVINCIAL FINANCE—THE PROBABLE FUTURE

In the earlier parts of this submission an attempt has been made to give an accurate statement of the public debt of the province with the annual charges thereon, the revenues available and the expenditures necessary in order that the constitutional obligations of the province may be discharged in some degree. It is evident, however, that the Royal Commission on Dominion-Provincial Relations is interested in the future rather than the past. This is not to say that the past should be ignored: it is merely to say that the past is mainly of value to the extent that it teaches us concerning the future. And in the case of the public debt the past cannot be got rid of but continues to be a part of the present unless a doctrine of repudiation be resorted to.

An Average Year

It has seemed advisable to present the fiscal position of the province in terms of a trial balance for the future. This has been no easy matter. From the material presented above it is very clear that the economy of Saskatchewan is extremely hazardous, the income of the province being subject to the widest of fluctuations in the course of a period of four or five years. The extreme variability of income is reflected in provincial revenues on the one hand and still more markedly in the demand for increased services of government on the other.

Nevertheless, it was necessary that an attempt should be made to give a picture of governmental finance in terms of the future and for this purpose an average year was resorted to. The average year was found by an examination of long-time production and price records, weighted as far as possible by available data with reference to soils, population and production trends. The future, it must be admitted, contains many elements of chance, especially when the weather is included. Nevertheless some value may be claimed for the method employed particularly since no other method is available for substitution.

According to the best information available then, we may predict for this province an average crop of some one hundred and ninety million bushels of wheat each year. Wheat will bring to the farmer an average price of seventy-five cents per bushel. The estimates regarding other agricultural products need not be included for our present purpose and it may be remarked that the estimate as to the production of wheat is fairly optimistic.

Dangers of the Method Employed

In order that a rough estimate of the future might be made it has been deemed necessary to employ the method outlined above. In so doing, however, it is vital that at least three considerations should be kept in mind.

(1) A balanced budget is not an end in itself, but only a means to an end, the real object being the satisfaction of the wants of the people. As has been remarked, a budget may be balanced on the misery of the people. The Government of Saskatchewan insists that its case shall not be considered merely as a matter of achieving a balanced budget with provision for debt retirement. There is a more fundamental requirement that the position of the people of Saskatchewan under the national economy should be corrected. From the materials already presented it is evident that farmers and others are burdened with debt, operating with capital equipment rendered inadequate by depreciation and with net incomes insufficient to maintain a reasonable standard of living. Under such circumstances the province should not be put aside merely with a subsidy that will permit of a balanced budget. The problem goes deeper. The effect of the tariff, for instance, which operates to take a large share of the income of Saskatchewan producers, must be considered. To be in a position to enjoy the Canadian standard of living seems a modest hope.

(2) While a prediction of revenues and expenditures is being made on the basis of an average year it must be kept in mind that most years will not be average years. There will be good years and bad years, bumper years and drought years. The good years cannot be availed of to produce sufficient reserve in the form of revenues to the province in order to carry the burden of a hazard economy during years of drought and depression. The opinion has already been expressed that direct relief should be considered as a national social service. In addition, the insurance principle should be applied to this province as far as possible in order to distribute the risks of an extremely variable income.

(3) The fiscal needs of the municipalities have not been considered in the anticipated budget here presented.

Calculations for an Average Year

Based upon the existing sources of revenue and upon expenditures made necessary by existing responsibilities, a budget estimate has been made for an average future year. An average year is considered to be one in which the province would produce a wheat crop of 190 million bushels with a price to the farmer of approximately seventy-five cents per bushel.

Because of the various changes in the tax structure of the province it has been impossible to pick out any one year in the past as indicating the revenues which the provincial government might reasonably expect to collect in an average year of the future. In view of this it was felt the most practical method of making an estimate would be to take actual revenues for the fiscal year 1936-37, and, with that as a basis, endeavour to estimate the increases that would occur with an average crop.

In estimating expenditures the extent to which reductions have taken place in the past four years has been kept in mind. Close consideration has been given to the level of expenditures of the late twenties and early thirties.

Estimated Revenues

Table I sets out in detail estimated revenues for an average future year as compared with actual revenues for 1936-37.

1. Dominion Subsidy.

While a special subsidy of \$1,500,000.00 is to be received in 1937-38, the estimate for an average year has been made on the same basis as for 1936-37 since there is no guarantee that the special subsidy will be of a continuing nature.

2. School Lands Fund.

A comparison of the estimate made for an average year with 1936-37 indicates an increase of \$178,000.00. Due to a reduction in the rate of interest paid by the Dominion to the province for school land purposes, the actual increase provided for is \$267,000.00.

3. Taxation.

Although a major part of the increase for taxation arises from the estimated revenue from the education tax, a comparison of the other items of taxation with statement 13 in Appendix A, will reveal that reasonable provision has been made for increases in taxation receipts.

4. Licenses.

Due to an early spring in 1937 motor license revenues for 1936-37 were considerably higher than had been estimated for that year. The budget estimate for an average future year, providing for an increase of \$143,000.00 over 1936-37, could hardly be considered an under-estimate of what an average year will yield.

5. Fees.

A study of statement 13 in Appendix A reveals the substantial increase provided for revenues from fees in the estimate made for an average year. During the past seven years, revenues under this heading have failed to exceed a million dollars.

6. Public Domain.

Increased revenues from mines and water rights principally account for the estimated increase over 1936-37.

TABLE I
Government of the Province of Saskatchewan
Estimated Revenues-Income Account for an Average Future Year

	Actual for 1936-37	Estimate for average year
Dominion Subsidy	\$ 2,120,083	\$ 2,120,000
School Lands Fund	\$ 1,021,993	\$ 1,200,000
Taxation:		
Inheritance	311,019	300,000
Corporation	571,066	750,000
Railways	404,000	404,000
Public Revenues	1,728,189	1,750,000
Wild Lands	12,370	---
Gasoline	2,097,792	2,500,000
Income	550,806	600,000
Education	---	2,300,000
Miscellaneous	72,257	75,000
	\$ 5,747,499	\$ 8,679,000
Licenses:		
Motors	1,606,957	1,750,000
Company	62,938	65,000
Moving Pictures	41,245	45,000
Miscellaneous	138,627	140,000
	\$ 1,849,767	\$ 2,000,000
Fees:		
Companies	34,308	40,000
Land Titles and Land Titles Assurance	219,375	400,000
Examinations	65,765	65,000
Courts and Sheriffs and Law Stamps	93,680	120,000
Grazing	75,394	75,000
Operators	74,698	80,000
Highway Traffic Board	213,305	230,000
Miscellaneous	199,640	200,000
	\$ 976,165	\$ 1,210,000
Public Domain:		
Provincial Lands	67,196	75,000
Forest and Fisheries	241,520	250,000
Mines	64,335	100,000
Water Rights	37,770	55,000
School Lands Administration	86,192	90,000
	\$ 497,013	\$ 570,000
Forward	\$12,212,520	\$15,779,000

TABLE I
 Government of the Province of Saskatchewan
 Estimated Revenues-Income Account for an Average Future Year (Continued)

	Actual for 1936-37	Estimate for average year
Forward	\$12,212,520	\$15,779,000
Liquor Profits	1,451,275	2,250,000
Interest	2,440,120	130,000
Superannuation Fund Contributions	115,811	125,000
Miscellaneous	422,478	500,000
Total Revenues-Income Account	\$16,642,204	\$18,784,000

7. Liquor Profits.

In estimating liquor profits it has been assumed that the entire proceeds will be treated as revenue on income account. While the estimate is based on the average profits realized during the first years of operation of the liquor board, it should be borne in mind that they were five "good" rather than "average" years.

8. Superannuation Fund Contributions.

Provision has been made for salary restorations in estimating the contributions to be made by civil servants to the Superannuation Fund.

9. Interest.

The marked decline in estimated interest receipts is due to including under this heading only interest from the Saskatchewan Co-operative Creameries and from Drainage Districts, with a relatively small amount for interest on bank balances. In the statement of expenditures debt charges have been based on the assumption that subsidiary enterprises of the government and the Wheat Pool will provide their own interest and sinking fund charges. Thus the expenditure estimate for debt charged is "net" to the government rather than gross.

Supplementing the foregoing remarks, relative to revenues, with a study of statement 13, Appendix A, it can readily be appreciated that the estimated

revenues for an average year are, if anything, a little on the optimistic side. While it might be possible to single out certain items of revenue and point to certain years in which actual revenues exceeded the estimate made, it is felt that the total is above what can reasonably be expected in an average year.

Estimated Expenditures.

Table II sets out in detail estimated expenditures for an average future year as compared with actual expenditures for 1936-37.

1. Legislation.

The increase of \$69,000.00 is accounted for almost entirely by an averaging of the cost of elections and revisions of the statutes over an appropriate number of years in each case.

2. Administration and General Government.

In estimating the cost of administration and general government, provision has been made for a restoration of civil servants salaries to their level of 1930 and 1931. Even at that level it will be difficult to argue that civil servants are being adequately rewarded for services rendered.

3. Education.

The government considers it not only desirable but imperative that school grants and other educational expenditures be restored to at least their former level. It was with that thought in mind that the Education Tax was introduced.

During the past several years financial conditions in a great majority of school districts have been such as to prohibit the normal upkeep of school buildings and equipment. It has been estimated by the Deputy Minister of Education that it would take at least \$1,800,000.00 to restore school buildings and equipment to a reasonably satisfactory state.

In order to appreciate the level to which teachers' salaries have declined, the following comparative statement of salaries paid to teachers in 1926, 1931 and 1936 is significant:

Salaries Paid Teachers in Saskatchewan	
1926	\$6,957,332
1931	6,695,377
1936	3,973,073

TABLE II

Government of the Province of Saskatchewan
Estimated Expenditures—Income Account, for an Average Future Year

	Actual for 1936-37	Estimate for average year
Legislation:		
Lieutenant Governor's Office	\$ 5,504	\$ 6,000
Government House Maintenance	14,033	14,000
Elections, Voters' Lists, etc.	341	48,000
Legislative Assembly	130,788	136,000
Legislative Library	9,708	14,000
Legislative Counsel and Law Clerk	8,279	20,000
	\$ 168,653	\$ 238,000
Administration and General Government:		
Ministers of the Crown	\$ 77,423	\$ 78,000
General Departmental Offices	1,045,128	1,250,000
Superannuations, Pensions and Allowances	10,973	11,000
Publicity	2,912	20,000
Vital Statistics	19,903	35,000
Public Revenue Commissions—Urban		
Municipalities	20,388	23,000
Local Government Board	23,744	30,000
Farm Loan Board	85,000	90,000
Treasury Miscellaneous	21,869	30,000
Debt Adjustment Boards	96,161	---
	\$ 1,403,501	\$ 1,567,000
Education:		
School Grants—		
Primary	\$ 1,667,816	\$ 2,800,000
Secondary	197,186	300,000
Inspection of Schools	145,150	210,000
Examinations	55,187	66,000
School Readers	32,386	50,000
Normal Schools	96,727	150,000
Education of Deaf and Blind	31,392	50,000
University	455,000	700,000
Grants to Libraries	2,971	4,000
Soldiers' Dependent Children	67,171	75,000
Government Correspondence School	42,868	50,000
Teachers' Superannuation Commission	7,196	10,000
Loans to School Districts	69,520	---
Sundry	5,131	10,000
	\$ 2,875,701	\$ 4,475,000
Forward	\$ 4,447,855	\$ 6,280,000

TABLE II

Government of the Province of Saskatchewan
Estimated Expenditures—Income Account, for an Average Future Year (Cont.)

	Actual for 1936-37	Estimate for average year
Forward	\$ 4,447,855	\$ 6,280,000
Legal and Judicial Administration:		
Courts and Court Officials	284,594	325,000
Policing	178,840	275,000
Gaols	247,879	300,000
Land Titles Offices	185,362	220,000
Coroners Inquests, Jurors, Witnesses, etc.	50,924	80,000
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	\$ 947,599	\$ 1,200,000
Transportation and Communications:		
Highway Maintenance	\$ 714,205	\$ 2,400,000
Bridges and Culverts	72,393	400,000
Ferries	89,431	120,000
Power Commission	42,000	60,000
Other Transportation Expenses	17,058	20,000
	<hr/>	<hr/>
	\$ 935,087	\$ 3,000,000
Public Welfare:		
Public Health—		
Boards of Health	\$ 5,760	\$ 10,000
Sask. Cancer Commission	45,984	100,000
Bacteriological Laboratory	19,384	20,000
Communicable Disease Control	95,032	110,000
Other Public Health	25,481	30,000
Public Institutions—		
Mental Institutions	1,057,799	1,750,000
T.B. Sanatoria	282,113	300,000
Industrial School for Boys	31,736	40,000
Orphanages	3,300	5,000
Homes for Incurable and Infirm	31,952	160,000
Salvation Army	2,400	3,000
Juvenile Court	2,125	3,000
School for the Deaf	28,578	30,000
Hospital Grants	416,411	500,000
Child Welfare and Maternity Grants	141,505	170,000
Old Age Pensions (net)	683,515	850,000
Mothers' Allowances	482,868	600,000
Relief of Destitutes	10,984	30,000
Employment Bureaus	40,084	50,000
Administration of Steam Boilers Act	17,929	20,000
Inspection of Factories, Coal Mines, etc.	2,750	10,000
Minimum Wage Act	3,008	20,000
	<hr/>	<hr/>
	\$ 3,430,698	\$ 4,811,000
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Forward	\$ 9,761,239	\$15,291,000

TABLE II

Government of the Province of Saskatchewan

Estimated Expenditures—Income Account, for an Average Future Year (Cont.)

	Actual for 1936-37	Estimate for average year
Forward	\$ 9,761,239	\$15,291,000
Agriculture and Public Domain:		
Weed Research Stations	\$ 5,746	\$ 8,000
Grants to Agricultural Societies	24,425	70,000
Livestock and Poultry	46,436	63,000
Dairying	43,243	45,000
Field Crops	18,657	28,000
Exhibitions	16,000	20,000
Drainage	3,493	6,000
Statistics	8,110	14,000
Co-operation and Markets	8,729	20,000
Apiary Inspection	5,351	6,000
Agricultural Representation Work, etc.	16,075	145,000
Total for Agriculture	\$ 196,265	\$ 425,000
Lands	\$ 130,179	\$ 145,000
Forestry	257,558	265,000
Parks	6,416	15,000
Technical Services	10,766	15,000
Mines	32,494	50,000
Game and Fish, etc.	93,115	105,000
General Development of Natural Resources	---	100,000
Total for Public Domain	\$ 530,528	\$ 695,000
Totals for Agriculture and Public Domain	\$ 726,793	\$ 1,120,000
Superannuation Allowances and Refunds	\$ 250,695	\$ 250,000
Other Ordinary Expenditures	\$ 127,874	\$ 130,000
Debt Charges:		
Interest	\$ 6,645,543	\$ 5,330,000
Sinking Fund Charges	357,951	2,317,900
Exchange, Commissions, etc.	35,159	35,000
	\$ 7,038,653	\$ 7,682,900
Total Expenditures—Income Account	\$17,905,254	\$24,473,900

While the payment of teachers' salaries is a responsibility of the school district, the government recognizes that substantial additional financial assistance must be given if salaries are to be restored and maintained at anything resembling a reasonable level.

4. Legal and Judicial Administration.

Of an increase of \$250,000.00 provided in the estimate for an average year as compared with 1936-37, some \$96,000.00 is accounted for by the increase in cost of policing the province as called for by the Dominion-Provincial agreement. Exclusive of the increase for policing, the estimated cost of other services is quite in line with their average cost over a period of years. Furthermore, the increase under this head is very largely offset by the estimated increase in fees from Land Titles Office, courts and sheriffs.

5. Transportation.

As reported by the Bank of Canada, highway maintenance has been reduced, in the past four years, to a point where loss of capital investment is threatened. The Deputy Minister of Highways has estimated that it will require an expenditure of at least \$3,270,000.00 to restore roads to a fair standard so as to avoid the risk of heavy capital losses.

The Deputy Minister has also estimated that at least \$2,260,000.00 should be spent annually thereafter on maintenance of highways and bridges if deferring of maintenance is to be avoided. When, in addition to this, provision is made for ferries and miscellaneous expenses, less than \$600,000.00 remains for capital extensions for highways.

With a highway system of 7,643 miles and a province the size of Saskatchewan, an annual expenditure of \$3,000,000.00 for capital and maintenance on highways is the minimum that should be contemplated.

6. Public Welfare.

As referred to earlier in the submission, the province is confronted with immediate need for a new mental hospital, two cancer hospitals and a home for incurables. The capacity of the mental hospitals at Battleford and Weyburn is considerably over-taxed. Equally essential is proper provision for the treatment of cancer. While there is a home for the aged and infirm in the province it is felt that this should be supplemented by the establishment of a home for incurables.

The increased costs incident to the operation of the above mentioned institutions, together with the estimated increases in cost of pensions for the aged and blind, maternity grants and mothers' allowances, and venereal disease control accounts for the increase in public welfare charges.

7. Agriculture and Public Domain.

The government feels that in a province so completely dependent upon agriculture, the amounts expended annually for agricultural representative and research work during the past few years has been quite inadequate. With a view to the restoration of grants to Agricultural Societies and adequately providing for agricultural representative and research work, an increase of \$220,000.00 has been provided.

During 1936-37 approximately \$600,000.00 was expended under the title "Public Domain." A vigorous policy aiming at the proper development of the natural resources of the province requires an increase of approximately \$100,000.00 over the cost for 1936-37.

8. Other Ordinary Expenditures.

The principal items included under this heading are commissions on public revenues collections in villages and rural municipalities and interest on drainage district debentures. The amount estimated is sufficiently in line with 1936-37 as to require no further explanation.

9. Debt Charges.

As previously stated, in estimating debt charges it has been assumed that the Department of Telephones, Power Commission, and Wheat Pool will provide not only the interest on their indebtedness to the government but also the actual sinking fund contributions adequate to retire their indebtedness. In connection with the Farm Loan Board it has been estimated that it will provide interest and sinking funds for its capital indebtedness less the 4 1-3 million dollar deficit. In view of this, interest and sinking funds have been set up on what may be termed the "net" rather than the gross debt. The average rate of interest on all bonds, debentures and treasury bills at April 30, 1937, was 4.1 per cent, and this average rate has been used in computing interest charges. The sinking fund provision has been such as would retire the debt of the province in 30 years at 4%.

Table III sets out in detail the basis used in arriving at debt charges. In reviewing the reasonableness of Table III, it should be borne in mind that no provision is made for capital expenditures at the University of Saskatchewan, where buildings are urgently needed. In general only capital expenditures of the immediate future have been included. The erection of new Court Houses in Regina and Saskatoon and a new government administration building in Regina are instances of capital expenditure the government will be called upon to make in the very early future. None of these has been provided for in the estimate made of immediate capital expenditures. The estimate for roads and bridges could reasonably be increased to a considerable degree.

TABLE III

Estimated Interest and Sinking Fund Charges
(Basis of Computation)

Stock and Debenture—April 30, 1937		\$124,043,320
Treasury Bills —April 30, 1937		75,758,532
		<hr/>
		\$199,801,852
Less:		
Sinking Funds	\$11,414,644	
Cancellation and Write-down of Treasury Bills	28,400,000	
		<hr/>
		39,814,644
		<hr/>
Deduct:		\$159,987,208
Indebtedness to Province as of April 30, 1937, of:		
Department of Telephones	\$12,223,296	
Sask. Power Commission	6,695,864	
Wheat Pool	11,584,552	
Farm Loan Board (Less 4 1/3 million dollars)	12,000,000	
		<hr/>
		42,503,712
		<hr/>
		\$117,483,496
Add: Immediate Capital Requirements:		
Mental Hospitals	\$ 3,500,000	
Cancer Hospitals	160,000	
Home for Incurables	266,000	
New Jail Wing	160,000	
Amount required to restore highways to condition at time construction was completed	3,270,000	
Amount required to "fund" treasury bills given re municipal bank loans	5,262,000	
		<hr/>
		12,618,000
		<hr/>
		\$130,101,496
		<hr/>
Basis Used		\$130,000,000
		<hr/>
Annual Interest on \$130,000,000 @ 4.1%	\$ 5,330,000	
Annual Sinking Fund Contribution Necessary to Retire \$130,000,000 in 30 years @ 4%	2,317,900	
Exchange, Commissions, etc.	35,000	
		<hr/>
		\$ 7,682,900
		<hr/>

As indicated by the foregoing remarks the estimate made for expenditures has not provided for a lavish spending program, but rather the minimum that should be contemplated. While the annual provision for sinking fund purposes will mean a considerable drain on provincial revenues, it would seem the only logical course to pursue if orderly retirement of debt is to be achieved.

It has been demonstrated in other sections of the submission that the province is economically and fiscally unable to finance a relief cost of some \$42,000,000.00. Realizing the province's inability to finance relief, no provision has been made for creating a reserve to provide for same in the estimated annual expenditures of an average future year.

It has been impossible to balance the budget upon any reasonable estimate of revenues and expenditures. Thus the budget estimates for an average year show an annual cash deficit of approximately five and a half million dollars, as indicated below:

Estimated Revenues	\$18,784,000
Estimated Expenditures	24,473,900
	<hr/>
	\$ 5,689,900
	<hr/>

The net cost of relief to the province to April 30, 1937, was approximately \$42,000,000 after taking into consideration the write-down and cancellation of treasury bills. In the event the question of relief is considered a National problem and the province relieved of its share of the cost by, say, the cancellation of \$42,000,000 of 3% treasury bills, the estimated deficit for an average year would be reduced to \$3,681,000.

It is evident from the above that however distressing recent economic conditions have been, they have not constituted the sole contributing factor to the fiscal problem confronting the province.

With the relief problem treated as a National responsibility and assuming the province can arrange to refund the balance of its debt on a thirty year basis at 3½%, a reasonably optimistic estimate of future revenues falls \$2,800,000 short of meeting the cost of essential services. As stated, the estimate of expenditures does not provide for an extravagant spending program by the government, but rather what is considered a minimum annual expenditure sufficient to restore services rendered in Saskatchewan to a level in line with services rendered in other sections of Canada.

The inability of the province to present a balanced budget for a future average year, when relieved of the cost of relief, is attributable in part to

the growth of a new conception of the province's social responsibility, a philosophy which has created and is still creating tremendous demands upon provincial revenues. It is impossible for the province to meet these demands upon the present tax base, and within the financial set-up provided by The British North America Act.

It is only by means of a readjustment of the existing divisions of revenues and responsibilities as between the Dominion and the province, that Saskatchewan can hope to discharge the functions of government.

The government urges upon the Commission in considering such a readjustment:

1. A more equitable division of revenues as between the Dominion and the province.
2. Full financial responsibility by the Dominion for certain social services now provided in full or in part by the province.
3. National responsibility for unemployment relief.

Thus may a balanced budget be achieved. But a balanced economy for the province with a reasonable guarantee of security and a proper standard of living for the people will not necessarily result. The situation seems to call for a consideration of the economy of the entire nation.

PART XII

POLITICAL AND ECONOMIC ADJUSTMENTS IN THE PROVINCE AND THE DOMINION

The materials which have been submitted will indicate that the economic life of the Province of Saskatchewan is not in a healthy condition at the present time. Farmers and others are burdened with debt, the tools of production have depreciated in value, and it is impossible, with the existing revenues available, for the province and the municipal institutions of the province to present balanced budgets. Nevertheless, the Province of Saskatchewan is not pessimistic with reference to the future provided that the necessary adjustments can be obtained.

It has been shown that the productive capacity of the province is very high and that in the past a tremendous contribution has been made to the economic life of Canada. It is believed that in the future years this province will make an even greater contribution to the life of Canada, but in order that this hope may be realized, it is essential that adjustments of a far-reaching character should be made.

It is evident that the income of this province is variable to a high degree, variable to such an extent that we must look forward to periods in which the people of the province will be unable to subsist on current income. The crying need of the people of Saskatchewan is for security. With security achieved and with certain national policies corrected, the government and the people of Saskatchewan will be in a position to develop the assets of the province in such a way as to make a considerable contribution to the Canada of the future and at the same time improve their own economic well-being.

It should be repeated here that it is the belief of the Government of Saskatchewan that it is fundamental that certain national policies should be corrected, although it is not suggested for a moment that national policies should be directed to the welfare of Saskatchewan in particular. There is ample room for compromise, but it must be insisted that the pinch of certain national policies, particularly the protective customs tariff, is being very severely felt in this province where agricultural products are sold in an unprotected market and consumers' goods purchased in a protected market. During the years of expansion, when the frontier was being pushed back, when capital was flowing into the new country and the virgin resources were being exploited, the pinch of this national policy was not felt to such a degree. At the present time, however, there is virtually no new land for settlement in this province and the effect of a national economy in which manufacturing establishments and financial institutions are centralized in one portion of Canada is being felt as a tremendous

burden. It is necessary, therefore, that we look forward to a future which will contain a better balanced economy for this province. The province must be put in such a position that it will be able to develop its resources to that end.

It is proposed to offer certain conclusions which seem to follow from the materials already submitted. These conclusions will be grouped under such headings as public finance, rehabilitation and development, the well-being of the people and constitutional amendments.

A. PUBLIC FINANCE

A government is treated as an organization existing for the purpose of satisfying human needs. It is most important that the finances of any province should be in a sound condition, especially at a time when the prevailing philosophy of life calls for governmental services of such wide variety. The government should be in a position to care for current obligations and to meet emergencies as they arise. The difficulty of achieving these ends is very great in a province such as Saskatchewan, where the income is so extremely variable.

In a federation it is important that there should not be an overlapping and duplication of services by the central authority and the component parts. The Government of Saskatchewan has made an effort to determine the extent of such duplications, especially in fields of concurrent jurisdiction. It may be said that no opportunity for effective saving has been discovered by such investigations. The material collected in this regard does not lend itself to presentation in this submission and it has been thought better that it should be made available to the Commission at a time when departmental officials may be called upon to give such explanations as are required. The opinion may be expressed that co-operation between the governments will result in the removal of such unnecessary duplications as may exist.

It is also possible that economies might result from the consolidation of certain departments under Dominion control. Specific recommendations will be made touching such matters as Employment Offices and Minimum Wages. To proposals involving further consolidations sympathetic consideration will be given, especially if it appears that efficiency will not be impaired thereby. Supplementary reports by such officials as the Superintendent of Insurance for Saskatchewan will be submitted to the Commission.

Subsidies.

It is possible that some slight saving may be effected by the elimination of duplications, but the Government of Saskatchewan is not optimistic as to the results which may be achieved thereby. But granting that certain savings may be effected in this manner, and granting that the burden of certain social

services such as the payment of old age pensions will be assumed by the Dominion Government, the conclusion remains that the subsidy presently payable to Saskatchewan must be increased. The increase must be substantial. It is impossible, at the present time, to estimate with mathematical accuracy how great the increase must be, for the reason that other factors, such as assumption of responsibility for social services by the Dominion, have not yet been determined. Nevertheless, even though the Dominion assume such obligations as are suggested in this submission, the increase in the subsidy must be substantial. This increase of the subsidy will not be looked upon in any sense as a gift, but rather as an adjustment made necessary as the result of the concentration of wealth in central Canada which in turn has been made possible by certain national policies which have proved extremely disadvantageous to Western Canada. It is also suggested that an additional temporary subsidy might well be allotted to this province to assist in a programme of rehabilitation which will be necessary in the immediate future.

On account of the hazardous nature of the economy of this province and on account also of the belief that a considerable improvement of conditions will result from a drastic reduction of the customs tariff, it is proposed that an element of flexibility should be introduced into the subsidy. We propose, therefore, a permanent Grants Commission with the duty of examining the needs of the various provinces from time to time and recommending additional grants necessary to meet the fiscal needs of the provinces as they arise. It is conceded that in making recommendations the Grants Commission should quite properly examine the administration record of the province asking for assistance.

It should be made clear that an increase of the unconditional subsidy is desired by the province. In budgeting for the future it is essential that the government should have at its disposal the funds necessary to perform its constitutional obligations, and the increased subsidy will be used to supplement the other sources of revenue. It is submitted that the people of Saskatchewan are already being subjected to a maximum of taxation.

The proposed Grants Commission would be in a position to recommend assistance in cases of emergency or in the event of a necessary national policy operating to the economic disadvantage of any section. But aside from such special grants, the province, including the municipal institutions of the province, must be put in a position to discharge its constitutional obligations. In addition to this the province must be put in such a position that it will be fiscally able to undertake a programme of rehabilitation and development looking to a balanced economy for Saskatchewan.

B. REHABILITATION AND DEVELOPMENT

As has been indicated in earlier parts of this submission and as will appear more specifically in Part XIII, the Government of Saskatchewan is prepared to

recommend that several constitutional rights and obligations of the province be transferred to the central government. This does not mean, however, that the province expects or is willing to be reduced to the status of a municipal council, and the terms of reference to the Royal Commission on Dominion-Provincial Relations contemplates no such result. It is believed that the jurisdiction of the Dominion of Canada should be enlarged in several particulars in order that the true spirit of a federation may be achieved in practice, and a formula has been suggested with reference to which the re-distribution of rights and duties should take place. On the other hand it is believed that the achievement of a balanced economy for the entire nation can be assisted if the various provinces are put in a position to develop themselves within the recognized provincial field.

Depression and drought have brought to everyone a realization that a more intimate knowledge of the resources of this province is vitally necessary and that vigorous measures must be employed in their utilization and development. In the early days of expansion, little care was taken in the selection of land, the prime consideration of the Dominion Government, and of the railways as well, having been to promote settlement as rapidly as possible. No particular blame is being attached to anyone in that regard, but the fact does remain that very little attention was paid to the suitability of land for agricultural purposes.

Prior to the depression the problem had been recognized and much promising work was begun. Mention might be made of the progress made in the control of rust. A soil survey conducted largely through research by the University of Saskatchewan may be regarded as a scientific achievement of considerable significance. Important work on the problem of farm management has been begun. One of the tragedies of the depression has been the curtailment of necessary research work. At the University of Saskatchewan, in particular, reduced financial grants have resulted in essential investigations being suspended.

A beginning has been made, but the province should be put in a position to undertake a vigorous programme of rehabilitation and development. It is not proposed to set out in detail the desirable features of such a programme, indeed information is not available for that purpose. Brief reference may be made, however, to a few revisions of the provincial economy in which research and control are necessary.

Agriculture—(a) **Soil Surveys:** there should be a complete inventory of land resources with reference to agricultural operations. This will involve research in the composition of soils involving a determination of their physical capacities to produce. It must cover also the matter of soil management to correct deficiencies economically with a view to the promotion of a permanent agriculture. These studies are fundamental to all agricultural operations. Pro-

grammes already undertaken are recognized as being comprehensive and have achieved notable results, but they have been chiefly of a general survey character. Such surveys, however, form only the basis of a permanent attack on soil problems which should continue to expand on lines already indicated by those working in this field. When possible surveys should precede settlement.

(b) Land classification: this involves rating the land according to usefulness for the purpose in which it is likely to give the best service. This means a practical combination of the facts known with respect to the soils and their productivity and usefulness in farming, as determined from economic surveys and indicated by past records and present conditions. All considerations to be made from the point of view of the ability of the soil to support agricultural operations on an economic basis.

(c) Farm management and agricultural economics: research in order to determine the best practical uses of the lands of each class in their specific locations in representative farming areas. This work will assist in making the most efficient use of these lands through organization of the units and the application of proper business principles.

The above gives only a general indication of the work that might be undertaken. (1) It should be pointed out that settlement of the agricultural land of the province was very rapid and mainly occurred while the natural resources were under the control of the Dominion Government. Had the settlement been more gradual much might have been learned by experience that would have been of value to those coming later. The fact remains, however, that the people are here and that most of the land suitable for settlement is already occupied. Measures should be taken whereby research will supplement knowledge gained by experience.

Mining—This province has rarely, in the public mind, been associated with anything in the way of metallic mineral possibilities.

The geological branch of the Dominion Department of Mines has made extensive surveys from time to time of those portions of Canada within which there is a reasonable possibility of mineral discoveries being made. The Reports of that Department indicate that there is a great area, surrounding the Hudson Bay in the shape of a great "U", which is known as the Canadian Shield, or the Precambrian Rock formation. This is the oldest known rock formation in the world, and one of those most highly productive of metallic minerals. This area includes a portion of the Province of Quebec, a large part of the Province of Ontario, a considerable portion of the Province of Manitoba and

(1) See, Dr. William Allen: **A program of research in Land Economics** C.S.T.A. Review, Number 14, September, 1937.

from one-half to one-third of the entire Province of Saskatchewan. It is in this formation that the great metallic mineral producing mines of Quebec are situated and it is in the same formation that the great mines of the Province of Ontario are to be found. In recent years several mines have developed in the Province of Manitoba in the same formation.

The greatest development to date in the Province of Manitoba is the Sherritt-Gordon Mine, which is about forty miles east of the eastern boundary of Saskatchewan, and the Flin Flon Mine, which straddles the eastern boundary of Saskatchewan. The town of Flin Flon is situated in the Province of Manitoba. The Flin Flon smelter is constructed partly in Manitoba and partly in Saskatchewan. The Flin Flon ore body is, in the main, located in the Province of Saskatchewan. The Flin Flon Mine is now generally recognized as one of the great mines of the world. The mill and smelter have a capacity in excess of forty-five hundred tons per day. Both the Flin Flon mine and the Sherritt-Gordon Mine are operated by electrical power which is produced at Island Falls, on the Churchill River, in the Province of Saskatchewan.

In the north west portion of Saskatchewan there will be found another great mining property just in the course of being brought into production. The location of this camp is near Goldfields, Saskatchewan, and the main ore body is operated and owned by the Consolidated Mining and Smelting Company, Limited. Developments to date indicate the presence of a low grade gold ore body of vast proportions. A similar ore body lies just south of Goldfields, operated by Athena Mines, Ltd. The Consolidated Company is presently engaged in erecting a one thousand ton mill, which, the Government believes, is merely the first unit in a plant which may be as large as the plant at Flin Flon. The Company is also engaged in developing water power for electrical energy for the use of this new mill. The operation at Goldfields is much simpler than the operation at Flin Flon, because a smelting process must be used at the latter mine to extract the gold, silver, copper, zinc and lesser metals to be found in the ore. The ore at Goldfields is primarily a gold ore which requires only milling and the product can be transported at very little expense.

There is definite knowledge concerning these two mines, one on the eastern boundary of Saskatchewan in the Precambrian formation, and the other near the north-western boundary in the same formation. Between these two points considerable geological work has been done by the Dominion Department of Mines, and in practically every case in which this work has been undertaken mineralized zones have been disclosed. No intensive search has yet been made by prospectors over northern Saskatchewan. The prospectors generally concentrate on the better known mining areas and to date have concentrated on properties in Quebec, Ontario, Manitoba and British Columbia.

Very important discoveries have been made on the eastern side of Great Slave Lake in what is now known as the Yellowknife country. It would

appear that there is every possibility of that territory rapidly developing into one of the great mining areas of Canada, with potentialities even in excess of actual developments existing in the Province of Ontario. Evidence of the presence of precious and base metals is to be found all the way across northern Saskatchewan.

The development of the Yellowknife territory, the development of Flin Flon, and the development of Goldfields will undoubtedly attract the attention of prospectors to the possibilities of northern Saskatchewan. But the prospectors will not come into a country unless the geological work has first been done. It is, therefore, essential that as much of the remaining geological work as possible be done in northern Saskatchewan within the shortest possible time and it is evident that the issuance of geological reports by qualified geologists of their studies of northern Saskatchewan will result in the next influx of prospectors into that territory. Without the prospectors there is no chance whatsoever of mineral discoveries.

The foregoing gives only a rough idea of the potential mineral wealth of Saskatchewan. There are to be found also valuable deposits of clay, lignite coal, various salts and other non-metallic materials. It is hoped that this wealth may be developed and that the development will play a part in achieving a better balanced economy for the province.

Power—As has been indicated in other portions of this submission, power development is under the control of the Saskatchewan Power Commission which was created by provincial statute in the year 1929. It is both an administrative and an operating body. Details of the work of this commission including the value of properties owned by it will be found in reports which will be submitted to the Royal Commission.

The development of power in the Province of Saskatchewan has not proceeded to any great extent. Most of the energy is consumed in the larger cities, rural electrification being at a minimum. From reports in the hands of the government, however, it is evident that there is much potential power in the province, for instance, the Fort a la Corne site can be economically developed for 125,000 h.p. of installed capacity. It might also be mentioned that a power development is taking place in the north by the Consolidated Mining and Smelting Company, Limited, for the purpose of generating energy for the operation of their mill. Details of the potential power need not be entered into here, but it should be pointed out that any development scheme of the future must take into consideration the development of cheap power for domestic use as well as for industry.

Other Natural Resources—Timber resources, while not extensive, are of sufficient importance to warrant consideration in a scheme of development for

this province. Other resources include fish which abound in the northern lakes and natural gas which probably exists in considerable quantities.

Hudson's Bay Railway—Attention should be given to the utilization of this railway. It is suggested that a fair trial of this railway and the route which it was designed to open has not been given. The successful operation of this route would result in a considerable saving to producers of primary products in the west. The development of this asset will involve the expenditure of money in the construction of additional port facilities, but it may be pointed out that the competitive route to the east has involved public expenditures, in the construction of canals, for instance. In order that the route may be given a fair trial it may be necessary to give assistance in the matter of insurance rates until shipping has been attracted. It is not suggested that public funds should be expended on the maintenance of a project that is economically unsound. But public funds have already been expended and it is suggested that a fair trial should be given to this asset rather than merely allow it to deteriorate and disappear.

Co-operation With the Dominion

The Dominion Government has undertaken a scheme of rehabilitation in the southern areas of the province. It has been demonstrated that on account of moisture and soil conditions, certain sections of the province are not adapted to the wheat economy. The work of the Dominion Government in this regard holds out considerable promise for the future. The Government of Saskatchewan will do its utmost to co-operate in this work in order that an economic use may be made of land areas presently distressed.

In order that a programme of development may be carried out successfully, it is evident that assistance must be looked for from two agencies:

(1) The University of Saskatchewan. It cannot be urged too strongly that on the basis of past performances, the University must be looked to very largely for the research work necessary for the carrying out of a successful programme of development to the end that a balanced economy may be achieved in this province.

(2) It is also essential that care be taken to develop the civil service in order that men of outstanding ability and training shall be available to direct this work. Undoubtedly this will involve a higher scale of rewards than is presently available to civil servants.

C. THE WELL BEING OF THE PEOPLE

From the material already submitted, the conclusion is easily drawn that the economic well-being of the people of Saskatchewan at the present time is

not high. For the farmer we find mounting debts, in large part secured upon his land, and rapidly deteriorating capital equipment with which to work. For the great bulk of the population of Saskatchewan, living conditions have been on or only just above the subsistence level during the past few years. In general this condition may be accounted for by two factors:

(1) A combination of the recent economic depression with drought conditions in large areas of the province. This condition is typical of the hazardous nature of the economy of the province which is developed largely on the production of one staple commodity.

(2) A combination of high customs tariffs, high transportation rates and the centralization of manufacturing establishments and financial institutions in central Canada, the result having been expressed in high production costs and a completely unbalanced economy.

The Debt Burden

Through the Voluntary Debt Adjustment scheme an attack has been made upon the burden of debt. The results achieved under this scheme have been very satisfactory and have been outlined in an earlier part of this submission.

Excellent work has also been done by the Debt Adjustment Board. The results achieved by this Board cannot be measured by the extent of debt reductions appearing in the records. The powers of this provincial Board are not extensive, this being necessarily so on account of constitutional limitations. The important thing is that protection has been given to debtors whose assets would otherwise have been sacrificed. This Board has also been instrumental in effecting amicable arrangements among debtors and creditors which have resulted in voluntary reductions of considerable importance. This has been especially true in the matter of farm machinery contracts.

Another agency for the adjustment of debt has been the Board of Review constituted under the Farmers' Creditors Arrangement Act, an enactment of the Parliament of Canada. This Board is essentially dealing with a condition of bankruptcy on the part of the farmers whose cases are reviewed and adjusted. The Government of Saskatchewan highly approves of this method of dealing with the problem and is in favour of an extension of the method. In the Journals of the Saskatchewan Legislature for the 1937 session there will be found recorded at page 56, the text of a resolution which was unanimously adopted. The resolution was with reference to the Farmers' Creditors Arrangement Act and part 6 thereof reads as follows:

"That the Province of Saskatchewan be divided for the purposes of administration of the Act into a sufficient number of areas with Boards of Review to expeditiously carry out the work of debt adjustment under the supervision of the present Chairman."

The extension of the Board in accordance with the text of this resolution or by the appointment of several additional Boards will do much to reduce the

burden of indebtedness in the province. As stated above a matter of bankruptcy or insolvency is being dealt with, a matter falling within the exclusive jurisdiction of the Parliament of Canada. Where insolvency does not exist the Board of Review has no jurisdiction.

It may reasonably be expected that voluntary adjustments of considerable importance will be effected. Interest rates in loan contracts have been high although it cannot be denied that the borrower has agreed to pay these rates. Nevertheless, it would probably be fair to say that in the case of an eight per cent interest rate at least half of the rate charged must have been for the creation of a reserve as a protection against the risk that was taken. This is a consideration that will no doubt influence creditors in the direction of making reasonable compromises. Such compromises frequently operate to the ultimate advantage of both debtor and creditor.

In General

In general, improvement may be looked for from the production of crops and from the adoption of measures that will lead to a better balanced economy in the province:

(1) By a reduction of the customs tariff. This is of fundamental importance; of much more importance than the granting of additional subsidies. Indeed, if no further relief is to be had than an increase of subsidies it is fairly evident that such a policy will merely serve to increase the financial domination of the East over the agricultural West, making the West more and more dependent as subsidies are increased.

(2) By the adoption of ameliorative measures involving the insurance principle. Unemployment insurance may be given as an instance of this. It may be pointed out, however, that unemployment insurance as a national scheme will give relatively less assistance to the Province of Saskatchewan than to any other province. Nevertheless the Government of Saskatchewan specifically recommends that jurisdiction should be given to the Dominion Parliament to the end that such a scheme may be introduced. As collateral to this it is recommended that consideration should be given to the question of a crop insurance scheme for Saskatchewan. An exhibit in which the details of a crop insurance scheme are set out will be presented to the Commission as a separate exhibit. The Government of Saskatchewan has not yet decided that crop insurance should be brought into effect in this province, but it is giving earnest attention to the matter. In the event that a decision is made to go ahead with this scheme, it is suggested that a grant in support of its administration might well be considered as being due to this province as a supplement to a national plan of unemployment insurance.

The appointment of a Grants Commission is quite in line with the insurance principle here advocated and is especially desirable in view of the fluctuating

income of this province. The province can assist by building up revenues in better than average years. With direct relief assumed by the national government very little need of assistance resulting from recommendations of the proposed Grants Commission should be anticipated. This will be particularly true if the customs tariff is reduced in accordance with recommendations that will be made.

D. CONSTITUTIONAL AMENDMENTS

The opinion has already been expressed that the time is ripe for certain amendments to the British North America Act and it is believed that this opinion is shared in all parts of Canada. The necessity of such amendments has become especially apparent with the growth of a social philosophy of government.

The Government of Saskatchewan does not propose to formulate a definite scheme as to the manner in which amendments should be effected. It is submitted, however, that Canada must be regarded as having emerged from colonial status, consequently it should no longer be necessary to resort to the Imperial Parliament for amendments to the constitution. This opinion already expressed may be repeated here to the effect that unanimity of agreement among the provinces ought not to be required as a condition precedent to amendment of the constitution. To this one exception should no doubt be made: minority rights presently guaranteed under the British North America Act should not be interfered with in the absence of complete agreement among the provinces.

On the occasion of the Dominion-Provincial Conference of 1935 there was general agreement that amendments were necessary and a committee was appointed to investigate methods of achieving that end. The details of the agreement reached by this committee need not be repeated here and the Government of Saskatchewan is not prepared to disagree with the methods of amendment suggested. It may be pointed out, however, that the proposed plan is not altogether free of difficulties since there may be a matter of legal interpretation as to whether a particular amendment falls within one or other of the four divisions into which the sections of the British North America Act were to be grouped.

It will be submitted that certain amendments are necessary. They will fall into three classes:

(1) Such amendments as are necessary to make it clear that Canada is a nation with power to make effective treaties.

(2) Such amendments as are necessary to give the Dominion the necessary powers to deal with such matters as may be agreed upon as being national in their character.

(3) Such amendments as may be necessary in order to assist the provinces in developing themselves. Among other things these amendments will make it possible for one or more provinces to co-operate with the Dominion without the necessity of a constitutional amendment.

PART XIII

RECOMMENDATIONS.

The government of Saskatchewan desires to make several recommendations to the Royal Commission on Dominion-Provincial Relations. Most of these recommendations will be of specific nature.

The Public Debt of the Province

The Government feels that careful consideration should be given to the problem of refunding and consolidating the public debt of the province. The Government is not in favour of compulsory refunding which involves repudiation, but would be prepared to support a proposal which would give the holder of any bond of the province the right to elect whether he would take a new bond for an extended term at a lower rate of interest, or in lieu thereof accept payment of the face amount of his bond in cash. As to repudiation it is felt that a government which will not attempt to keep faith with its creditors cannot be trusted to keep faith with its people.

Any such scheme would necessitate definite sinking fund provisions to retire the new bonds at maturity. The proposal would also of necessity involve assistance from the Federal Government to procure the funds necessary to retire the bonds of such holders as might elect to take their money instead of new debentures.

The Government feels that little relief would be secured if the consolidated bonds bore interest in excess of three and one-half per cent. In the alternative, the Government feels that some provision might be made for refunding its maturities as they come due at lower rates of interest. The Government is definitely of the opinion that it cannot meet its existing obligations unless its fiscal position is greatly improved. Measures looking to such improvement will be proposed in the following recommendations.

It is specifically recommended that the portion of the public debt of Saskatchewan attributable to the payment of direct relief shall be regarded as having been incurred in the discharge of a national obligation, and that responsibility for the retirement of this portion of the debt shall be assumed by the Dominion of Canada.

Adjustment of the National Economy

Three recommendations will be made under this heading, and the Government of Saskatchewan desires to point out that as respects the first of these the need for adjustment is absolutely imperative if the economic life of this province is to develop in a satisfactory manner:

(1) That the customs tariff shall be completely removed from all instruments of production and shall be drastically reduced on all necessities of life.

(2) That the provision of transportation facilities shall be considered from a national point of view and that the freight rates structure of the railways shall be examined with a view to giving some relief to the exporters of primary products from Western Canada.

(3) That the Government of Canada shall construct and maintain a trans-Canada highway of a permanent type as well as permanent highways from the Canada-United States border to the several national parks of Canada.

Social Services

The Government of Saskatchewan is of the opinion that several satisfactory adjustments may be made under this head. The following specific recommendations are made:

(1) That entire responsibility of old age pension payments shall be assumed by the Dominion of Canada.

(2) That a national scheme of unemployment insurance shall be enacted forthwith by the Dominion Parliament. It is suggested that such scheme should be of a contributory nature.

(3) That consideration should be given to the enactment of a national scheme of crop insurance by the Dominion of Canada. In the alternative that special assistance shall be given to the Province of Saskatchewan in connection with the administration of a provincial scheme of crop insurance in case it should be decided that such a scheme is feasible. On the one hand it may be pointed out that a national scheme of unemployment insurance will be of less assistance to the Province of Saskatchewan than to the other provinces, while on the other hand it is fairly obvious that Saskatchewan has greater need for a scheme of this character than has any other province of Canada.

(4) That such matters as minimum wages, hours of labour, periods of rest and generally all matters pertaining to labour shall be dealt with by the Parliament of Canada under a national policy in that regard.

(5) That the burden of direct relief shall be definitely assumed by the Dominion of Canada as a social service of national concern.

(6) That consideration should be given to the enactment of a national scheme of health insurance by the Dominion of Canada.

(7) That consideration should be given to a plan for the payment of pensions to all persons who have reached the age of sixty-five years, regardless of financial need. Said pensions to have been contributed to by the recipients during their earning years.

(8) That consideration should be given to the amendment of the introductory portion of Section 91 of the British North America Act in such a manner as to give complete power to the Parliament of Canada to deal with any social services as it shall see fit.

Taxation

(1) That the levying of succession duties, using that term in its widest significance, shall be assigned exclusively to the Dominion of Canada and that the moneys derived from the collection of such duties shall be paid to the provinces on an equitable basis. It is further proposed that the income tax field, including a tax upon the incomes of corporations, should be similarly reserved to the Dominion Parliament.

(2) That the Provinces of Canada should be given powers of indirect taxation.

(3) That consideration should be given to the constitutional handicap under which the Province of Saskatchewan operates in the matter of the taxation of railways.

Subsidies

(1) That the unconditional subsidy presently payable by the Dominion of Canada to the Province of Saskatchewan should be increased. It is impossible to indicate the amount of the necessary increase in the absence of knowledge concerning the extent to which the other recommendations submitted herewith will be accepted. It is suggested, however, that this matter must be determined on the basis of the fiscal need of the province as indicated by the material which appears in this submission or which may otherwise be brought to the attention of the Commission.

(2) That a permanent Grants Commission shall be established forthwith with duties as set out in earlier parts of this submission.

Provincial Powers

In addition to matters mentioned above it is suggested that the powers of the provinces should be enlarged so as to enable them to deal effectively with companies incorporated by the Dominion of Canada. Such enlarged powers would enable the provinces to deal more effectively with such companies in the matter of taxation as well as in the prevention of security frauds.

Constitutional Amendments

In the opinion of the Government of Saskatchewan the British North America Act should be amended in several particulars. The following recommendations are hereby suggested. The recommendations are made under several heads and a measure of overlapping is involved.

I. That such amendments be made as will permit the carrying out of the recommendations contained in the earlier portions of the present Part (XIII) of this submission.

II. That an amendment be procured that will definitely establish a national status for the Dominion of Canada including effective treaty-making capacity. It is suggested that this be done by the amendment of section 132 of the British North America Act.

III. That the constitutional powers of the Dominion of Canada to deal with several matters be made certain. It is suggested that this end be achieved by amendments, (in the form of additions), to section 91 of the British North America Act. It is proposed that the enlargement of Dominion powers shall extend to the following matters:

- (1) The granting of money raised by taxation or otherwise to any Province or Provinces to be used for Provincial Purposes.
- (2) Unemployment insurance.
- (3) Health insurance.
- (4) Crop insurance.
- (5) Conciliation and arbitration for the prevention and settlement of industrial disputes, and compulsory settlement of such disputes.
- (6) Invalid and old-age pensions.
- (7) Regulation of labour conditions, and, without restricting the generality of this power, regulation in particular of the following matters, namely:
 - (a) the right of association for all lawful purposes by the employed as well as by the employers;
 - (b) the payment to the employed of a minimum wage adequate to maintain a reasonable standard of life;
 - (c) the determination of maximum daily or weekly hours of labour;
 - (d) the adoption of a weekly or other periodic rest period;
 - (e) the abolition of child labour and the imposition of limitations on the labour of young persons; and
 - (f) prescribing systems of inspection to ensure the enforcement of laws and regulations for the protection of the employed.

IV. It is deemed essential that the powers of the province should be enlarged in certain particulars. The following recommendations are respectfully suggested:

- (1) That head 2 of section 92 of the British North America Act be repealed and the following substituted therefor: "2. The raising of money by any mode or system of taxation within the Province, not including the impositions known as Customs and Excise, but inclusive of the taxation of companies authorized to carry on business in Canada by reference to the amount of gross or net revenues received by such companies from persons resident within the province."
- (2) That the provinces be given the necessary powers to deal with Dominion companies as already suggested.

V. Co-operation between the Dominion and a province.

In order that co-operation may be made possible, especially when consent to a constitutional amendment cannot be obtained, and in order that uncertainties be removed from the law in this regard, it is proposed that powers shall be given to the legislatures of the provinces touching the following:

- (1) Incorporation in the statute law of any province of any enactment passed by the Parliament of Canada by reference to such enactment to the extent to which the subject matter of such enactment is within the legislative competence of the province.
- (2) Delegation to the Parliament of Canada of legislative jurisdiction with respect to any subject matter otherwise within the exclusive legislative jurisdiction of the Provinces.

It is further proposed that the Parliament of Canada shall be endowed with reciprocal powers in this regard. It should be pointed out that these suggested amendments will in no sense involve a surrender of sovereignty.

These representations and recommendations are respectfully submitted by the Government of Saskatchewan to the Royal Commission on Dominion-Provincial Relations.

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

APPENDIX A

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GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

STATEMENT No. 1

BALANCE SHEET AS AT APRIL 30, 1937

ASSETS

Capital Account

Schedule No.		
A.1	Public Buildings and Public Improvements	\$ 55,176,733.83
A.2	Accounts Receivable	4,833.09
A.3	Loans and Advances to Provincial Boards, Commissions, etc.	50,337,877.01
A.4	Sinking Funds	\$11,518,981.74
	Less Due to Trust Account	104,337.63
		<u>\$ 11,414,644.11</u>

These funds comprise:

A.5	Capital Repayments	\$ 6,017,117.37
	Proportion of Liquor Board Profits, Miscellaneous Accretions and Earnings of Funds (see contra)....	5,397,526.74
		<u>\$11,414,644.11</u>

A.6	Due from Revenue Account	18,877,637.11
A.7	Due from Relief Account	64,513,683.35
A.8	Unamortized Debt Discount and Expenses	5,621,256.92
		<u>\$205,946,665.42</u>

A.9	Dominion Government Subsidy in Lieu of Debt	8,107,500.00
		<u>\$214,054,165.42</u>

Trust Account

B.1	Cash and Bank Balances	\$ 621,837.14
B.2	Deposited in General Sinking Fund	104,337.63
B.3	Investments and Accrued Interest	20,030,501.48
B.4	Accounts Receivable	10,499,057.99
B.5	Miscellaneous Assets	614.83
B.6	Due from Revenue Account	58,753.24
		<u>\$ 31,315,102.31</u>

\$245,369,267.73

LIABILITIES

Capital Account

Schedule No.		
A.10	Funded Debt	\$124,043,319.56
A.11	Treasury Bills	75,758,531.55
A.12	Bank Overdraft	6,471.90
A.13	Liabilities for Capital Expenditure	9,073.98
A.14	Sinking Fund Reserves	5,397,526.74
A.15	Capital Surplus	731,741.69
		<u>\$205,946,665.42</u>

Surplus Arising from Capitalization of Dominion Subsidy (see contra)

8,107,500.00

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Trust Account

B.7	Liabilities	\$ 1,053.36
B.8	Miscellaneous Trusts	31,314,048.95
		<u>\$ 31,315,102.31</u>

\$245,369,267.73

Revenue Account

Schedule

No.

C.1 Arrears of Taxes	\$ 5,626,305.74
C.2 Provincial Boards, Commissions, etc.	3,665,274.63
C.3 Miscellaneous Accounts Receivable	2,556,428.04
C.4 Stores, Material, Equipment, etc. ..	406,684.60
C.5 Deferred Charges	2,305,268.06
C.6 Due from Relief Account	134,369.30
C.7 Deficit	9,709,626.54
	<u>\$ 24,403,956.91</u>
	\$269,773,224.64

Relief Account

D.1. Miscellaneous Accounts Receivable	\$ 8,915,451.82
D.2 Deficit	61,294,395.92

Revenue Account

Schedule

No.

C.8 Bank Overdraft, Consolidated Fund	\$ 1,369,657.93
C.9 Bank Overdraft, Agricultural Aids Account	40,025.27
C.10 Accounts Payable	245,576.15
C.11 Interest Accrued on Public Debt	2,655,796.57
C.12 Reserves	1,156,510.64
C.13 Due to Capital Account	18,877,637.11
C.14 Due to Trust Account	58,753.24
	<u>\$ 24,403,956.91</u>
	\$269,773,224.64

Relief Account

D.3 Bank Overdrafts	\$ 27,257.37
D.4 Accounts Payable	2,594,273.36
D.5 Dominion Government re Relief Expenditures Disallowed	371,671.82
D.6 Dominion Government Notes received from Municipalities in the Drought Area	2,568,592.54
D.7 Due to Capital Account	64,513,683.35
D.8 Due to Revenue Account	134,369.30
	<u>\$ 70,209,847.74</u>
	\$339,983,072.38

E.1 Contingent Liabilities	\$37,312,658.39
----------------------------------	-----------------

Regina, Saskatchewan, October 22, 1937.

The above Balance Sheet is in agreement with the books of the Government of the Province of Saskatchewan as at April 30, 1937. Public buildings and public improvements are shown at original cost, provision for depreciation being limited to the amount of the sinking fund reserve. Loans, advances and accounts receivable are subject to realization. Sinking fund investments are included at par value. Accounts payable on Relief Account are subject to adjustment.

The above Balance Sheet does not include the value of lands, together with the benefit of all mines and minerals of the Province formerly vested in the Dominion, transferred to the Province on October 1, 1930, with the exception of including in accounts receivable, at a conservative valuation, amounts due under leases or agreements.

Subject to the foregoing remarks, and subject to provisions which may be necessary for depreciation of public buildings and public improvements, or for losses arising from non-collection of loans, advances and accounts receivable, the above Balance Sheet, in my opinion, is properly drawn up so as to show the true financial position of the Province at April 30, 1937.

T. LAX, F.C.A.,
Provincial Auditor.

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

SCHEDULE A 1

STATEMENT No. 2

PUBLIC BUILDINGS AND PUBLIC IMPROVEMENTS
as at April 30, 1937

	Paid to Apr. 30, '37	Liabilities at Apr. 30, 37	Total
Public Buildings, Land and Furnishings (including University of Saskatchewan)	\$23,974,083.83		\$23,974,083.83
Public Improvements—Roads, Bridges, etc.	31,038,896.07	\$9,073.98	31,047,970.05
Cancer Equipment and Apparatus	121,973.95		121,973.95
Natural Resources	32,706.00		32,706.00
	<u>\$55,167,659.85</u>	<u>\$9,073.98</u>	<u>\$55,176,733.83</u>

ACCOUNTS RECEIVABLE

SCHEDULE A 2

as at April 30, 1937

Property Sales	\$3,033.09
Receivable from Canadian National Railways	
re Approaches to Pile Bridge at Rail- way Crossing near Cote	1,800.00
	<u>\$4,833.09</u>

SCHEDULE A 3

LOANS AND ADVANCES TO PROVINCIAL BOARDS, COMMISSIONS, ETC.
as at April 30, 1937

Telephone Department	\$12,223,296.25
Saskatchewan Farm Loan Board	16,333,747.90
Saskatchewan Power Commission	6,695,863.96
Saskatchewan Co-operative Creameries, Ltd.	2,760,712.44
Drainage Districts	54,472.94
Saskatchewan Wheat Pool	11,584,552.22
Rural Municipalities	588,190.82
Local Improvement Districts	54,040.48
Saskatchewan Anti-Tuberculosis League	43,000.00
	<u>\$50,337,877.01</u>

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

SCHEDULE A 4

STATEMENT No. 2

SINKING FUNDS
as at April 30, 1937

Securities	Date of Maturity	Amount	Total
General Sinking Fund			
Province of Saskatchewan:—			
6 % Debentures	July 1, 1938	\$ 45,000.00	
5 % Debentures	May 1, 1939	500.00	
6 % Debentures	October 1, 1940	3,000.00	
4½ % Debentures	April 15, 1941	1,290,800.00	
5 % Debentures	September 15, 1942	100,000.00	
5 % Debentures	June 15, 1943	63,000.00	
5 % Debentures	April 15, 1944	331,500.00	
4½ % Debentures	October 1, 1944	9,000.00	
4½ % Debentures	September 15, 1945	97,000.00	
5½ % Debentures	November 15, 1946	291,000.00	
4 % Debentures	January 1, 1949	7,786.50	
5 % Debentures	October 1, 1950	25,800.00	
4½ % Debentures	October 1, 1951	579,000.00	
5½ % Debentures	October 1, 1952	106,500.00	
6 % Debentures	March 15, 1952	330,500.00	
4 % Debentures	August 15, 1953	20,000.00	
4 % Debentures	September 1, 1954	2,000.00	
4½ % Debentures	January 1, 1956	153,500.00	
4½ % Debentures	January 15, 1957	210,500.00	
5½ % Stock	May 1, 1957	30,530.47	
4½ % Debentures	June 1, 1957	36,000.00	
4½ % Debentures	September 15, 1957	23,300.00	
4 % Debentures	November 15, 1957	145,500.00	
4 % Debentures	May 15, 1958	77,000.00	
5 % Debentures	November 1, 1959	216,000.00	
5 % Debentures	December 2, 1959	193,000.00	
5 % Debentures	February 1, 1960	44,000.00	
4½ % Debentures	March 15, 1960	5,000.00	
5 % Debentures	October 1, 1961	520,000.00	
5 % Debentures	November 1, 1963	150,000.00	
		<hr/>	
		\$5,106,716.97	
Interest accrued to April 30, 1937		45,610.50	
Bank Balance (Royal Bank, Regina)		55,461.22	
		<hr/>	
		\$5,207,788.69	
Less Due to Miscellaneous Trust Accounts:—			
Unclaimed Estates Monies	\$22,893.56		
Dormant Monies	78,811.78		
Debentures and Interest Held in Trust	2,632.29		
	<hr/>		
	\$ 104,337.63		
	<hr/>		
		\$5,103,451.06	
	<hr/>		
Carried Forward		\$5,103,451.06	

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

SINKING FUNDS (Continued)

Securities	Date of Maturity	Amount	Total
Brought Forward			\$5,103,451.06
Saskatchewan Power Commission:			
Province of Saskatchewan:—			
6 % Debentures	July 1, 1938	\$ 2,000.00	
4½ % Debentures	April 15, 1941	5,000.00	
5 % Debentures	September 15, 1942	12,000.00	
5 % Debentures	April 15, 1944	10,000.00	
4½ % Debentures	September 15, 1945	39,500.00	
5½ % Debentures	Nov. 15, 1946	9,000.00	
4½ % Debentures	October 1, 1951	11,000.00	
6 % Debentures	March 15, 1952	95,000.00	
5½ % Debentures	October 1, 1952	10,000.00	
4 % Debentures	August 15, 1953	70,000.00	
5 % Farm Loan Debentures	June 1, 1954	24,000.00	
4 % Debentures	September 1, 1954	70,000.00	
5½ % Registered Stock	May 1, 1957	58,226.00	
5 % Debentures	August 1, 1958	72,000.00	
5 % Debentures	November 1, 1959	33,000.00	
5 % Debentures	December 2, 1959	82,000.00	
4 % Debentures	Nov. 1, 1960	15,000.00	
4½ % Treasury Bills	September 14, 1937	64,650.00	
City of Regina:—			
5 % Debentures	July 1, 1945	2,000.00	
5 % Debentures	June 1, 1947	1,000.00	
4½ % Debentures	February 1, 1949	2,000.00	
City of Saskatoon:—			
5 % Debentures	July 1, 1939	1,000.00	
5 % Debentures	May 1, 1940	70,000.00	
5 % Debentures	November 1, 1940	14,000.00	
5 % Debentures	May 1, 1945	13,000.00	
5 % Debentures	July 1, 1945	5,000.00	
		\$790,376.00	
Interest Accrued to April 30, 1937		11,143.66	
Bank Balance (Royal Bank, Regina)		31,454.36	
			832,974.02
Carried Forward.....			\$5,936,425.08

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

SINKING FUNDS (Continued)

Securities	Due Date	Amount	Total
Brought Forward			\$5,936,425.08
Patriotic Aids:			
Province of Saskatchewan:—			
6 % Debentures	July 1, 1938	\$ 65,200.00	
Interest Accrued to April 30, 1937		1,304.00	
Bank Balance (Royal Bank, Regina)		238.82	
			\$ 66,742.82
4% Registered Stock 1951:			
Province of Saskatchewan:—			
4½ % Debentures	April 15, 1941	\$ 10,000.00	
5 % Debentures	April 15, 1944	5,000.00	
5½ % Debentures	November 15, 1946	27,000.00	
4 % Registered Stock	January 1, 1951	35,333.18	
4½ % Debentures	October 1, 1951	10,000.00	
6 % Debentures	March 15, 1952	511,500.00	
5½ % Debentures	October 1, 1952	360,000.00	
5 % Debentures	June 1, 1954	15,000.00	
4 % Debentures	September 1, 1954	295,000.00	
5½ % Registered Stock	May 1, 1957	29,000.00	
		\$1,297,833.18	
Interest Accrued to April 30, 1937		9,780.15	
Bank Balance, (Canadian Bank of Commerce, Regina)		352.69	
			\$1,307,966.02
4½ % Debentures 1951:			
Province of Saskatchewan:—			
4½ % Debentures	October 1, 1951	\$2,570,000.00	
Interest Accrued to April 30, 1937		9,637.50	
Bank Balance, (Royal Bank, Regina)		42,222.93	
			\$2,621,860.43
	Carried Forward		\$9,932,994.35

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

SINKING FUNDS (Continued)

Securities	Due Date	Amount	Total
Brought Forward			\$9,932,994.35
5½% Debentures 1952:			
Province of Saskatchewan:—			
4½% Debentures	April 15, 1941	\$ 91,700.00	
5 % Debentures	April 15, 1944	500.00	
5½% Debentures	Nov. 15, 1946	1,000.00	
4½% Debentures	October 1, 1951	1,000.00	
6 % Debentures	March 15, 1952	1,000.00	
5½% Debentures	October 1, 1952	106,500.00	
		<hr/>	
		\$201,700.00	
Interest Accrued to April 30, 1937		609.98	
Bank Balance, (Royal Bank, Regina)		71.67	
		<hr/>	
			\$ 202,381.65
6% Debentures 1952:			
Province of Saskatchewan:—			
4½% Debentures	April 15, 1941	\$162,000.00	
5 % Debentures	September 15, 1942	3,000.00	
5 % Debentures	April 15, 1944	16,000.00	
4½% Debentures	September 15, 1945	5,000.00	
5½% Debentures	Nov. 15, 1946	7,000.00	
4½% Debentures	October 1, 1951	24,000.00	
6 % Debentures	March 15, 1952	232,500.00	
5½% Debentures	October 1, 1952	5,500.00	
		<hr/>	
		\$455,000.00	
Interest Accrued to April 30, 1937		2,049.96	
Bank Balance, (Royal Bank, Regina)		47.85	
		<hr/>	
			\$ 457,097.81
4% Debentures 1953:			
Province of Saskatchewan:—			
4½% Debentures	April 15, 1941	\$ 61,500.00	
4 % Debentures	Aug. 15, 1953	1,000.00	
		<hr/>	
		\$ 62,500.00	
Interest Accrued to April 30, 1937		55.48	
Bank Balance, (Royal Bank, Regina)		52.29	
		<hr/>	
			\$ 62,607.77
Carried Forward			\$10,655,081.58

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

SINKING FUNDS (Continued)

Securities	Due Date	Amount	Total
Brought Forward			\$10,655,081.58
4½% Registered Stock 1954:			
Province of Saskatchewan:—			
5 % Debentures	May 1, 1939	\$ 2,000.00	
6 % Debentures	October 1, 1940	1,000.00	
4½% Debentures	April 15, 1941	7,000.00	
4½% Debentures	October 1, 1944	2,000.00	
5½% Debentures	November 15, 1946	16,000.00	
6 % Debentures	March 15, 1952	353,500.00	
5½% Debentures	October 1, 1952	40,000.00	
4 % Debentures	September 1, 1953	6,000.00	
5½% Registered Stock	May 1, 1957	13,000.00	
5 % Farm Loan Debentures	January 1, 1960	4,000.00	
		<u>\$444,500.00</u>	
Interest Accrued to April 30, 1937		3,773.77	
Bank Balance, (Canadian Bank of Commerce, Regina)		285.78	
		<u> </u>	\$ 448,559.55
4% Debentures 1954:			
Province of Saskatchewan:—			
4½% Debentures	April 15, 1941	\$102,300.00	
4 % Debentures	September 1, 1954	2,000.00	
		<u>\$104,300.00</u>	
Interest Accrued to April 30, 1937		107.08	
Bank Balance, (Royal Bank, Regina)		18.38	
		<u> </u>	\$ 104,425.46
4% Debentures 1958:			
Province of Saskatchewan:—			
4½% Debentures	April 15, 1941	\$ 15,500.00	
Bank Balance, (Royal Bank, Regina)		50.25	
		<u> </u>	\$ 15,550.25
	Carried Forward.....		\$11,223,616.84

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN
SINKING FUNDS (Continued)

Securities	Due Date	Amount	Total
Brought Forward			\$11,223,616.84
5% Debentures 1958:			
Province of Saskatchewan:—			
4½% Debentures	April 15, 1941	\$ 71,600.00	
5 % Debentures	August 1, 1958	34,000.00	
4 % Debentures	May 15, 1958	7,000.00	
		<u>\$112,600.00</u>	
Interest Accrued to April 30, 1937		583.95	
Bank Balance, (Royal Bank, Regina)		88.52	
			<u>\$ 113,272.47</u>
4% Debentures 1960 Series (CD):			
Province of Saskatchewan:			
4½% Debentures	April 15, 1941	\$ 41,400.00	
Bank Balance, (Royal Bank, Regina)		69.70	
			<u>\$ 41,469.70</u>
4% Debentures 1960 Series (CE):			
Province of Saskatchewan:—			
4½% Debentures	April 15, 1941	\$ 36,200.00	
Bank Balance, (Royal Bank, Regina)		85.10	
			<u>\$ 36,285.10</u>
			<u><u>\$11,414,644.11</u></u>

SUMMARY OF SINKING FUNDS
as at April 30, 1937

	Bank Balances	Investment (Face Value)	Accrued Interest	Total
General Sinking Fund	\$ 55,461.22	\$ 5,106,716.97	\$45,610.50	\$ 5,207,788.69
Less Due to Trust Account		104,205.34	132.29	104,337.63
	<u>\$ 55,461.22</u>	<u>\$ 5,002,511.63</u>	<u>\$45,478.21</u>	<u>\$ 5,103,451.06</u>
Saskatchewan Power Commission.....	31,454.36	790,376.00	11,143.66	832,974.02
Patriotic Aids	238.82	65,200.00	1,304.00	66,742.82
4 % Registered Stock 1951.....	352.69	1,297,833.18	9,780.15	1,307,966.02
4½% Debentures 1951.....	42,222.93	2,570,000.00	9,637.50	2,621,860.43
5½% Debentures 1952.....	71.67	201,700.00	609.98	202,381.65
6 % Debentures 1952.....	47.85	455,000.00	2,049.96	457,097.81
4 % Debentures 1953.....	52.29	62,500.00	55.48	62,607.77
4½% Registered Stock 1954.....	285.78	444,500.00	3,773.77	448,559.55
4 % Debentures 1954.....	18.38	104,300.90	107.08	104,425.46
4 % Debentures 1958.....	50.25	15,500.00		15,550.25
5 % Debentures 1958.....	88.52	112,600.00	583.95	113,272.47
4 % Debentures (CD) 1960.....	69.70	41,400.00		41,469.70
4 % Debentures (CE) 1960.....	85.10	36,200.00		36,285.10
	<u>\$130,499.56</u>	<u>\$11,199,620.81</u>	<u>\$84,523.74</u>	<u>\$11,414,644.11</u>

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

SCHEDULE A 5

STATEMENT No. 2

CAPITAL REPAYMENTS TRANSFERRED TO SINKING FUNDS

to April 30, 1937

General Sinking Fund:

Repayment of Loans and Advances:—

City of Regina (Cyclone Loan)	\$ 500,000.00
Saskatchewan Co-operative Elevator Co. Ltd.	183,564.09
Saskatchewan Pool Elevators, Ltd.	1,493,975.00
Telephone Department	1,212,047.28
Drainage Districts	301,840.22
Saskatchewan Co-operative Creameries Ltd.	
Agricultural Aids Account	2,353.48
Mortgage Account	29,468.18
Saskatchewan Power Commission	1,346.09
Natural Resources Department	127.30
	<hr/>
	\$3,724,721.64

Miscellaneous Capital:—

Surplus Proceeds of Debentures	\$11,402.09
Sale of Property, etc.	36,264.03
Sale of Material, etc.	1,358.60
City of Moose Jaw Bridge	10,487.56
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	\$ 59,512.28
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	\$3,784,233.92

Patriotic Aids Sinking Fund:

Patriotic Aids Repayments	65,435.67
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4½% Debentures 1951 Sinking Fund:

Wheat Pool Repayments	2,167,447.78
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	<u>\$6,017,117.37</u>

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

SCHEDULE A6

STATEMENT No. 2

DUE FROM REVENUE ACCOUNT TO CAPITAL ACCOUNT

as at April 30, 1937

Proceeds of Debentures Allocated to Capital.....		\$	7,318.74
Farm Loan Board Repayments			12,966.36
Debentures Issued for Revenue Deficit	\$14,228,714.14		
Less Loan Costs	1,265,875.76		
		\$12,962,838.38	
Proceeds Treasury Bills Issued for Revenue Deficit.....	4,477,038.14		
			\$17,439,876.52
Capital Repayments			1,117,475.49
Agricultural Aids Account Transferred to Revenue Account			300,000.00
Total Due Capital Account			<u>\$18,877,637.11</u>

SCHEDULE A7

DUE FROM RELIEF ACCOUNT TO CAPITAL ACCOUNT

as at April 30, 1937

Debentures Issued for Relief Deficit	\$ 6,292,513.24		
Less Loan Costs	773,127 57		
			\$ 5,519,385.67
Proceeds of Treasury Bills Issued for Relief Deficit			58,994,297.68
Total Due Capital Account			<u>\$64,513,683.35</u>

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

SCHEDULE A8

UNAMORTIZED DEBT DISCOUNT AND EXPENSES

as at April 30, 1937

Unamortized Discount and Expenses Less Premiums on Debentures	\$6,591,696.17
Deduct Amounts Charged to Provincial Boards and Commissions	970,439.25
	<u>\$5,621,256.92</u>

SCHEDULE A9

DOMINION GOVERNMENT SUBSIDY

as at April 30, 1937

Allowance in Lieu of Debt	<u>\$8,107,500.00</u>
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Under the Saskatchewan Act the Province receives from the Dominion Government an annual sum of \$405,375.00, being the equivalent of interest at the rate of 5% per annum on \$8,107,500.00.

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

SCHEDULE A 10

FUNDED DEBT
as at April 30, 1937

STATEMENT No. 2

Date of Issue	Date of Maturity	Provincial Debentures and Stock	Value in Sterling at \$4.86 2/3	Interest Rate %	Dates of Interest Payments	Where Payable	Purpose of Issue	Revenue Bearing	Non-Revenue Bearing
July 1, 1918	July 1, 1938	\$1,500,000.00		6	Jan. 1 & July 1	M.R.T.N.Y. (G)	Public Buildings Public Improvements Telephones Elevators Patriotic Aids Drainage Public Buildings Public Improvements Elevators Drainage Public Buildings Public Improvements	\$ 142,583.89 19,130.25 25,859.95 146,056.95 45,259.59	\$ 557,570.96 689,419.28 65,435.67 2,245,301.49 563,381.97
May 1, 1919	May 1, 1939	3,000,000.00		5	May 1 & Nov. 1	M.R.T.N.Y. (G)	Elevators Public Buildings Public Improvements	977,313.05 124,738.07	1,351,922.27 546,026.61
Oct. 1, 1920	Oct. 1, 1940	3,000,000.00		6	Apr. 1 & Oct. 1	M.R.T. (C)	Public Buildings Public Improvements Elevators Public Buildings Public Improvements	50,000.00	319,229.66 480,550.02
Apr. 15, 1936	Apr. 15, 1941	1,895,000.00		4½	Oct. 15 & Apr. 15	R.W.T.M. St.J.V.	Power Commission Revenue Deficit Relief Public Buildings Public Improvements	71,520.94 158,427.46 206,861.81 36,354.42	343,220.32 702,000.00 1,152,076.86 1,012,758.51
Sept. 15, 1922	Sept. 15, 1942	2,638,000.00		5	Mar. 15 & Sept. 15	M.R.T.N.Y. (G)	Public Buildings Public Improvements Telephones Elevators Creameries Drainage Public Improvements Telephones Elevators	945,206.45 610,271.65	1,599,521.90
June 15, 1923	June 15, 1943	3,155,000.00		5	June 15 & Dec. 15	M.R.T.W. N.Y. (G)	Public Buildings Public Improvements Telephones Elevators Public Improvements Telephones Elevators Drainage Creameries	416,358.37 373,350.86 26,074.70 10,952.55	1,247,155.16 1,004,703.58
Apr. 15, 1924	Apr. 15, 1944	3,325,000.00		5	Apr. 15 & Oct. 15	M.R.T.St.J. V.W. (C)	Public Buildings Public Improvements Telephones Elevators Drainage Creameries Lignite Board Public Buildings Public Improvements Telephones Elevators City of Regina Drainage	421,843.82 291,624.20 373,205.78 47,665.22	246,404.75 1,630,828.77 636,332.21
Oct. 1, 1924	Oct. 1, 1944	3,401,500.00		4½	Apr. 1 & Oct. 1	L.M.R.St.J. T.V.W.(C&P)			

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

FUNDED DEBT (Continued)

Date of Issue	Date of Maturity	Provincial Debentures and Stock	Value in Sterling at \$4.86 2/3	Interest Rate %	Dates of Interest Payments	Where Payable	Purpose of Issue	Revenue Bearing	Non-Revenue Bearing
Aug. 15, 1934	Aug. 15, 1953	\$3,000,000.00		4	Feb. 15 & Aug. 15	R.W.T.M. St. J. V. (C)	Public Buildings Public Improvements	\$	\$ 349,376.17 1,045,885.18
(Subject to prior redemption on August 15, 1949, or on any interest payment date thereafter.)									
Jan. 1, 1914	Jan. 1, 1954	1,942,646.79	£599,174-0-0Stk.	4½	Jan. 1 & July 1	R.L. (P)	Public Buildings Public Improvements Telephones Elevators Drainage Power Commission	1,459,565.49 29,825.06 27,773.03 87,575.07	931,396.53 363,412.86
June 1, 1924	June 1, 1954	1,173,600.00		5	June 1 & Dec. 1	R. (C)	Farm Loans	240,933.81	601,033.78
Sept. 1, 1934	Sept. 1, 1954	5,000,000.00		4	Mar. 1 & Sept. 1	R.W.T.M. St. J. V. (C)	Revenue Deficit Deferred Charges 1929-30 Deferred Charges 1930-31 Relief Account Agric. Re-establishment	746,672.39 953,592.62 294,566.10 2,404,135.11	746,672.39 953,592.62 294,566.10 2,404,135.11
(Subject to prior redemption on Sept. 1, 1949, or on any interest payment date thereafter)									
Nov. 1, 1924	Nov. 1, 1954	239,120.00		4½	May 1 & Nov. 1	R. (C)	Farm Loans	239,120.00	18,899.00
Sept. 1, 1925	Sept. 1, 1955	704,760.00		4½	Mar. 1 & Sept. 1	R. (C)	Farm Loans	704,760.00	82,991.00
Sept. 1, 1930	Sept. 1, 1955	2,000,000.00		4½	Mar. 1 & Sept. 1	R.W.T.M. St. J. V. N.Y. (G)	Power Commission Cancer Commission Public Buildings Public Improvements	493,015.60	1,273,623.60
Sept. 1, 1930	Sept. 1, 1955	2,000,000.00		4½	Mar. 1 & Sept. 1	R.W.T.M. St. J. V. N.Y. (G)	Public Buildings Public Improvements	131,470.80 493,015.60	18,899.00 82,991.00 1,273,623.60
Jan. 1, 1931	Jan. 1, 1956	500,000.00	Stk.	4½	Jan. 1 & July 1	R. (C)	Telephones	131,470.80	18,899.00
June 1, 1931	June 1, 1956	334,500.00		4½	June 1 & Dec. 1	R. (C)	Power Commission Cancer Commission	500,000.00 334,500.00	82,991.00 1,273,623.60
Dec. 1, 1926	Dec. 1, 1956	2,500,000.00		4½	June 1 & Dec. 1	M.R. St. J. T. V.W. N.Y. (G)	Public Buildings Public Improvements	711,580.18 1,588,157.07	711,580.18 1,588,157.07
Jan. 15, 1927	Jan. 15, 1957	1,468,500.00		4½	Jan. 15 & July 15	M.R. St. J. T. V.W. N.Y. (G)	Telephones Drainage Public Buildings Public Improvements	186,337.14 13,925.61	203,313.82 853,639.05
May 1, 1932	May 1, 1957	500,000.00	Stk.	5½	May 1 & Nov. 1	R. (C)	Telephones Farm Loans	411,547.13 500,000.00	411,547.13 500,000.00

June 1, 1927	June 1, 1957	\$2,471,000.00	4½	June 1 & Dec. 1	L.M.R.St. J. T.V.W. N.Y. (G)	Public Buildings Public Improvements Telephones	\$ 292,640.53 1,159,094.21
Sept. 15, 1927	Sept. 15, 1957	336,300.00	4½	Mar. 15 & Sept. 15	R. (C)	Public Buildings Telephones Creameries	1,019,265.26 199,857.37 33,807.57
Nov. 15, 1927	Nov. 15, 1957	1,830,000.00	4	May 15 & Nov. 15	M.R.St.J. T. V.W. N.Y. (G)	Public Buildings Public Improvements Telephones Creameries	570,040.09 327,325.62
Jan. 2, 1928	Jan. 2, 1958	73,880.00	4	July 2 & Jan. 2	R. (C)	Farm Loans	73,880.00
May 15, 1935	May 15, 1958	1,500,000.00	4	May 15 & Nov. 15	R.W.T.M. St. J. V.	Deferred Charges 1930-31 Deferred Charges 1932-33 Deferred Charges 1934-35 Revenue Deficit	518,026.01 403,708.85 89,616.97 463,005.78
(Subject to prior redemption on May 15, 1953, or on any interest payment date thereafter)							
Aug. 1, 1933	Aug. 1, 1958	194,500.80	5½	Feb. 1 & Aug. 1	R. (C)	Farm Loans	194,500.80
Aug. 1, 1933	Aug. 1, 1958	3,500,000.00	5	Feb. 1 & Aug. 1	R.W.T.M. St. J. V.(C)	Public Buildings Public Improvements Power Commission Natural Resources Dept. Relief	11,461.32 97,169.05
May 1, 1929	May 1, 1959	\$383,860.00	4½	May 1 & Nov. 1	R. (C)	Farm Loans	2,256,584.53
Nov. 1, 1929	Nov. 1, 1959	2,000,000.00	5	May 1 & Nov. 1	M.R. St. J. V. W. N.Y. (G)	Farm Loans Public Buildings Public Improvements	1,036,288.32 963,711.68 210,966.69
Nov. 1, 1929	Nov. 1, 1959	1,500,000.00	5	May 1 & Nov. 1	M.R. St.J.T.V. W. N.Y. (G)	Public Buildings Public Improvements Telephones	507,874.45
Nov. 1, 1929	Nov. 1, 1959	1,500,000.00	5	May 1 & Nov. 1	M.R.St.J.T.V. W. N.Y. (G)	Power Commission Creameries	621,376.89 140,332.25 19,449.72
Dec. 2, 1929	Dec. 2, 1959	3,500,000.00	5	June 2 & Dec. 2	M.R.St.J. T. W.V. N.Y. (G)	Public Buildings Public Improvements Telephones	1,134,613.68 599,012.94 584,073.59
Jan. 1, 1930	Jan. 1, 1960	3,000,000.00	5	Jan. 1 & July 1	R. (C)	Power Commission	965,000.00
Feb. 1, 1930	Feb. 1, 1960	965,000.00	5	Feb. 1 & Aug. 1	M.R.St.J. T. W.V. N.Y. (G)	Farm Loans Public Improvements	661,043.92 2,321,019.94
Mar. 15, 1930	Mar. 15, 1960	3,200,000.00	4½	Mar. 15 & Sept. 15	M.R.St.J.T.W. V. N.Y. (G)	Public Buildings Public Improvements Power Commission Farm Loans	217,936.14 322,002.47
Apr. 1, 1935	Apr. 1, 1960	322,002.47	4½	Oct. 1 & Apr. 1	R. (C)	Farm Loans	246,507.80
(Subject to Prior Redemption after April 1, 1945)							
July 15, 1930	July 15, 1960	1,000,000.00	4½	Jan. 15 & July 15	M.R.W.T.St.J. V. N.Y. (G)	Power Commission Cancer Commission Public Buildings Public Improvements Telephones	9,449.50 41,495.50 636,811.80
							65,735.40

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

FUNDED DEBT (Continued)

Date of Issue	Date of Maturity	Provincial Debentures and Stock	Value in Sterling at \$4.86 2/3	Interest Rate %	Dates of Interest Payments	Where Payable	Purpose of Issue	Revenue Bearing	Non-Revenue Bearing
Aug. 1, 1935	Aug. 1, 1960	\$4,000,000.00		4	Aug. 1 & Feb. 1	R.W.T.M. St.J. V.	Deferred Charges 1933-34.. Revenue Deficit	\$	\$ 21,923.70 2,748,002.81
(Subject to prior redemption on August 1, 1955, or on any interest payment date thereafter)									
							Creameries	242,170.72	
							Power Commission	138,168.46	565,291.12
							Public Improvements		
							Farm Loans	284,443.19	
Nov. 1, 1935	Nov. 1, 1960	3,500,000.00		4	Nov. 1 & May 1	R.W.T.M. St.J. V.	Public Buildings		145,234.25
(Subject to prior redemption on Nov. 1, 1955, or on any interest payment date thereafter).									
							Public Improvements	230,073.90	2,228,841.30
							Telephones	862,777.30	
							Power Commission		
							Cancer Commission		33,073.25
July 1, 1931	July 1, 1961	10,640.00		4½	Jan. 1 & July 1	R. (C)	Farm Loans	10,640.00	
Oct. 1, 1931	Oct. 1, 1961	904,540.00		5	Oct. 1 & Apr. 1	R. (C)	Farm Loans	904,540.00	
Nov. 1, 1933	Nov. 1, 1963	482,400.00		5	May 1 & Nov. 1	R. (C)	Farm Loans	482,400.00	
									\$51,084,854.54
									\$72,958,465.02

Explanatory Notes: L.—London, England; M.—Montreal; R.—Regina; T.—Toronto; W.—Winnipeg; V.—Vancouver; St. J.—St. John, N.B.; N.Y.—New York; (G)—Gold; (C)—Canadian Currency; (P)—Par of Exchange.

SUMMARY

	Amount	Revenue Bearing	Non-Revenue Bearing
Provincial Debentures	\$116,896,520.00	\$47,117,555.50	\$69,778,964.50
Saskatchewan Government Stock	7,146,799.56	3,967,299.04	3,179,500.52
	\$124,043,319.56	\$51,084,854.54	\$72,958,465.02

Reconciliation of Funded Debt

For the Year Ended April 30, 1937

Balance April 30, 1936	\$124,446,374.53
Add Stock and Debentures Sold	748,725.03
Less Debentures Redeemed	125,195,099.56
Balance April 30, 1937	1,151,780.00
	\$124,043,319.56

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

SCHEDULE A 11

TREASURY BILL OUTSTANDING

STATEMENT No. 2

as at April 30, 1937

Series	Order In Council No.	Authorized	Purpose	Amount Issued
300	237/34	\$ 74,377.00	Relief	\$ 73,377.90
479	807/36	70,000.00	Capital	64,650.00
480	805	33,750.00	Revenue	33,750.00
487	1218	35,198.63	Revenue	35,198.63
488	1219	1,500,000.00	Revenue	1,500,000.00
489	1240	300,000.00	Agricultural Aids (Capital)	300,000.00
490	1280	3,156.17	Capital	3,156.17
491	1281	9,707.82	Capital	9,707.82
492	1282	37,643.71	Capital	37,643.71
493	1283	3,132.14	Capital	3,132.14
494	1284	54,040.48	Capital	54,040.48
495	1285	18,108.79	Capital	18,108.79
496	1269	1,000,000.00	{ Capital { Deferred Charges	975,075.70 24,924.30
497	1386	900,000.00	Revenue	900,000.00
498	1387	350,000.00	Revenue	350,000.00
499	1388	66,450.55	Capital	66,450.55
500	1389	89,667.60	Capital	89,667.60
501	1406	119,972.43	Capital	119,972.43
502	1407	23,751.78	Capital	23,751.78
503	1408	34,655.91	Capital	34,655.91
504	1390	430,200.00	Revenue	430,200.00
505	1409	25,023.45	Deferred Charges	25,023.45
506	1425	99,260.58	Capital	99,260.58
507	1426	38,213.00	Capital	38,213.00
508	1427	25,533.79	Capital	25,533.79
509	19/37	62,000.00	Relief	62,000.00
510	20	784,805.47	Relief	784,805.47
511	22	470,263.34	Capital	470,263.34
512	86	3,029,000.00	Capital	3,029,000.00
513	223	1,341,897.27	Capital	1,341,897.27
514	224	230,000.00	Relief	230,000.00
515	242	18,936.55	Capital	18,936.55
516	287	3,542,019.88	{ Capital { Revenue	3,464,078.12 77,941.76
517	331	600,000.00	Revenue	600,000.00
518	332	1,000,000.00	Revenue	500,000.00
519	412	2,000,000.00	Capital	2,000,000.00
364	1457/34	750,000.00	Relief	750,000.00
R 7	1662	1,000,000.00	Relief	997,838.47
R 9	110/35	1,250,000.00	Relief	1,250,000.00
R12	206	1,000,000.00	Relief	1,000,000.00
R13	389	1,000,000.00	Relief	1,000,000.00

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

TREASURY BILLS OUTSTANDING as at April 30, 1937 (Continued)

Series	Order In Council No.	Authorized	Purpose	Amount Issued
R18	522	\$1,000,000.00	Relief	\$1,000,000.00
R31	740	500,000.00	Relief	500,000.00
R36	825	500,000.00	Relief	500,000.00
R39	921/35	27,731.17	Relief	27,731.17
R41	896	675,000.00	Relief	675,000.00
R42	1016	830,000.00	Relief	830,000.00
R53	1158	495,000.00	Relief	495,000.00
R69	352/36	800,000.00	Relief	800,000.00
R70	432	500,000.00	Relief	500,000.00
R71	804	9,797,929.35	Relief	9,797,929.35
R72	871	562,000.00	Relief	562,000.00
R73	919	5,866,774.81	Relief	5,866,774.81
R74	920	1,043,018.30	Relief	1,043,018.30
R75	937	107,071.75	Relief	107,071.75
R76	936	500,000.00	Relief	500,000.00
R77	1011	1,324,837.57	Relief	1,324,837.57
R78	1010	622,933.31	Relief	622,933.31
R79	1154	614,788.00	Relief	614,788.00
R80	1212	7,082,472.66	Relief	7,082,472.66
R81	1216	424,630.00	Relief	395,071.39
R82	1217	145,000.00	Relief	145,000.00
R83	1335	1,278,385.56	Relief	1,278,385.56
R84	96/37	419,373.00	Relief	419,373.00
R85	97	8,004,543.16	Relief	8,004,543.16
R86	205	3,695,401.51	Relief	3,695,401.51
R87	213	950,000.00	Relief	490,000.00
R88	288	1,669,427.55	Relief	1,669,427.55
R89	289	652,000.00	Relief	652,000.00
R90	352	2,454,964.47	Relief	2,454,964.47
R91	431	965,000.00	Relief	965,000.00
R92	450	60,000.00	Relief	27,553.18
				<u>\$75,758,531.55</u>

SUMMARY

Capital	\$12,287,195.73
Revenue	4,427,090.39
Deferred Charges	49,947.75
Relief	58,994,297.68
<u>\$75,758,531.55</u>	

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

SCHEDULE A12

STATEMENT No. 2

BANK OVERDRAFT—CAPITAL ACCOUNT
as at April 30, 1937

The Royal Bank of Canada, Regina— Overdraft Farm Loan Advance Account	\$46,972.58
The Royal Bank of Canada, Regina— Farm Loan Debenture Account	40,500.68
Net Overdraft	<u>\$ 6,471.90</u>

LIABILITIES FOR CAPITAL EXPENDITURE
as at April 30, 1937

SCHEDULE A13

Liabilities on Public Improvements, as per Schedule A1	<u>\$ 9,073.98</u>
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SCHEDULE A14

SINKING FUND RESERVES
as at April 30, 1937

General Sinking Fund:	
Proportion of Liquor Profits	\$389,465.93
Sale of Forfeited Lands	33,382.24
Fund earnings and Miscellaneous Accretions	896,368.97
	<u>\$1,319,217.14</u>
Patriotic Aids: Fund Earnings Reserved for Redemption Costs.....	1,307.15
Saskatchewan Power Commission	832,974.02
4 % Registered Stock 1951	1,307,966.02
4½ % Debentures 1951	454,412.65
5½ % Debentures 1952	202,381.65
6 % Debentures 1952	457,097.81
4 % Debentures 1953	62,607.77
4½ % Registered Stock 1954	448,559.55
4 % Debentures 1954	104,425.46
4 % Debentures 1958	15,550.25
5 % Debentures 1958	113,272.47
4 % Debentures 1960 Series (CD)	41,469.70
4 % Debentures 1960 Series (CE)	36,285.10
	<u>\$5,397,526.74</u>

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

SCHEDULE A 15

STATEMENT No. 2

CAPITAL SURPLUS as at April 30, 1937

Dominion Government Subsidy for Buildings			
Profit on Property Sales		\$ 468,750.00	
Liquor Board Profits applied in reduction of Funded Debt		104,912.86	
Less amount applicable to Public Improvements written off	\$1,644,456.40		
	184,653.84		
		1,459,802.56	
Liquor Board Profits applied on Redemption of Treasury Bill No. 143, Deferred Charges, issued for Advances to Saskatchewan Co-operative Creameries, Ltd.	\$ 592,203.48		
Capitalization of Interest on Advances to Saskatchewan Co-operative Creameries, Ltd.	12,726.57		
		604,930.05	
Balance of Exchange Issue Sinking Fund applied in reduction of Funded Debt (Public Buildings Portion)		43,115.06	
Exchange Gain applied in reduction of Funded Debt (Public Buildings Portion)		2,210.31	
Contributions from Revenue Account:			
1919-20 Balance of Treasury Bill No. 32	\$ 2,900.00		
1926-27 Balance of Treasury Bill No. 129	10.74		
1929-30 Balance of Treasury Bill No. 159	234.65		
1931-32 Balance of Treasury Bill No. 167	350.95		
1931-32 Balance of Treasury Bill No. 177	294.10		
		3,790.44	
Unamortized Debt Premium on Debentures matured at April 30, 1937		22,000.00	
Interest on Capital Investments applied in Reduction of Funded Debt (Public Improvements)		18,146.35	
		\$2,727,657.63	
Deduct Amounts Written off Capital Assets:			
Public Buildings:			
Fire Loss at University	\$ 162,345.71		
Loss on Cells and Furnishings	780.99		
Loss on Electric Lighting Plant	4,957.78		
Public Improvements:			
Defalcations less repayments	45,043.61		
Lignite Utilization Board Advance	267,500.00		
Unamortized Debt Discount and Expense on Debentures matured at April 30, 1937	1,515,287.85		
		1,995,915.94	
		\$ 731,741.69	

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GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

SCHEDULE OF TRUST ACCOUNTS
as at April 30, 1937

	B 1	B 2	B 3	B 4	B 5	B 6	B 7	B 8
	Cash and Bank Balances	Deposited in General Sinking Fund	Investments and Accrued Interest	Accounts Receiv- able	Mis- cellan- eous Assets	Due from Revenue Account	Liabil- ities	Mis- cellaneous Trusts
Attorney General's Department:								
Dormant Court and Estate Moneys	\$ 1,000.00	\$103,792.84 \$	\$ 74,000.00	\$		\$46,196.28	\$ 149,989.12	
Land Titles Assurance Fund	34,519.92		370,103.00				75,000.00	
Official Guardian							404,622.92	
Treasury Department:								
Drainage Districts	26,017.34		171,334.34				197,351.68	
Fire Prevention Fund	7,218.30						7,218.30	
Loans Office Trust Account	160,406.61	544.79	506.25			12,042.02	173,499.67	
Treasury Suspense Account	165,001.75						165,001.75	
Relief Revenue Account	17,935.89						17,935.89	
Department of Education:								359
Teachers' Superannuation Fund	51,201.09		1,213,278.69				1,264,479.78	
Department of Agriculture:								
Agricultural Aids Suspense Account						564.94	564.94	
Cream Grading Account	5,385.49			425.20		1,053.36	4,757.33	
Department of Municipal Affairs:								
Local Improvement Districts Trust Account	45,263.40						45,263.40	
Municipal Suspense Account	35,018.82						35,018.82	
School Suspense Account	31.05						31.05	
Department of Natural Resources:								
Suspense Account (Including Guarantee De- posits)	60,570.24		12,306.65				72,876.89	
School Lands Fund	7,015.38		18,185,489.73	10,498,632.79	614.83		28,691,752.73	
Bureau of Child Protection:								
Child Protection Trust Account	5,251.86		3,482.82			50.00	8,684.68	
	\$621,837.14	\$104,337.63	\$20,030,501.48	\$10,499,057.99	\$614.83	\$58,753.24	\$31,314,048.95	

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

SCHEDULE C1

STATEMENT No. 2

ARREARS OF TAXES
as at April 30, 1937

Public Revenues Tax	\$5,860,346.39
Wild Lands Tax	280,048.59
Income Tax	90,350.76
Gasoline Tax	10,666.11
	<hr/>
	\$6,241,411.85
Less Reserve for Non-collection	615,106.11
	<hr/>
	<u>\$5,626,305.74</u>

SCHEDULE C2

PROVINCIAL BOARDS, COMMISSIONS, ETC.—REVENUE ACCOUNT
as at April 30, 1937

Saskatchewan Farm Loan Board:	
Advances for Administration Expenses	\$ 737,707.76
Interest on Capital Advances to April 30, 1937	3,131,292.10
	<hr/>
	\$3,868,999.86
Saskatchewan Power Commission:	
Interest Accrued on Advances to April 30, 1937	125,968.21
Saskatchewan Co-operative Creameries, Ltd.	
Interest Accrued on Advances	292,247.31
Drainage Districts:	
Construction Advances (Highways)	\$ 65,173.31
Advances for Current Expenses	109,960.93
Interest on Advances to April 30, 1937	7,585.16
	<hr/>
	. 182,719.40
Saskatchewan Co-operative Wheat Producers Ltd.:	
Accrued Interest on Advances to April 30, 1937	77,191.28
Saskatchewan Liquor Board:	
Profits for April, 1937	89,182.98
Milk Control Board	5,991.55
	<hr/>
	\$4,642,300.59
Less Reserve for Non-Collection	977,025.96
	<hr/>
	<u>\$3,665,274.63</u>

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

SCHEDULE C 3

STATEMENT NO. 2

MISCELLANEOUS ACCOUNTS RECEIVABLE—REVENUE ACCOUNT
as at April 30, 1937

Attorney General's Department

Succession Duty—Current	\$387,645.17	
Deferred	28,047.94	
		415,693.11
Fines		5,414.00
Securities under Land Titles Assurance Trust Fund		26,239.74
Official Guardian—Fees and Advances to Estates		5,871.85

Treasury Department

Loans to Administrator of Estates of the Mentally Incompetent	\$ 65,367.43	
Interest to April 30, 1937	31,305.83	
		96,673.26
Loans to Rural School Districts		126,430.95
Administration of Certain Estates		130.00
Advances to Saskatchewan Live Stock Co-Operative Marketing Association		25,000.00
Seed Grain and Fodder Advances		
R. M. Reno No. 51	\$ 23,976.53	
Miscellaneous	111.41	
		24,087.94
Advances to Rural Municipalities for Grasshopper destruction		1,590.11
Municipalities Relief Act,		
Implementing of Guarantees		1,297.01

Department of Public Works

Institutional Accounts		
Battleford Mental Hospital	\$749,256.51	
Weyburn Mental Hospital	817,198.64	
Wolseley Home for Incurables	73,444.63	
Regina Jail Farm Sales	158.05	
		1,640,057.83
Interest on Property Sales		1,016.50
Advances to City of Weyburn		12,063.75

Department of Highways

Motor Licenses		94,942.99
Taxed Costs, Northern Cartage & Contracting Co., Prince Albert		499.85

Department of Education

Foreign Students		14,448.46
Treasurers' Bonds		4,736.01
Education Advance Account—		
Due from Sale of Books	\$ 144.12	
Rebates due from Wholesalers	24.30	
		168.42
Normal Fees—		
Principal	\$ 56,542.66	
Interest to April 30, 1937	7,596.95	
		64,139.61
Loans to School Districts		69,520.00

Carried forward

\$2,630,021.39

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

MISCELLANEOUS ACCOUNTS RECEIVABLE—REVENUE ACCOUNT (Continued)
as at April 30, 1937

	Brought forward	\$ 2,630,021.39
Department of Agriculture		
Grazing Lease Fees		2,814.90
Moving Settlers' Effects		640.95
Pure Bred Sire Area Maintenance		6,625.00
Advances to R. M.'s: re 1936 Grasshopper Campaign		255.00
Advances to Debt Adjustment Cases		1,760.14
Agricultural Aids Accounts—Principal		220,521.39
Agricultural Aids Accounts—Interest		122,722.94
Department of Municipal Affairs		
Taxes on Forfeited Lands: School	\$ 102,244.01	
L.I.D.'s	5,749.70	
		107,993.71
Department of Natural Resources		
Provincial Lands: Principal	\$1,006,291.49	
Interest	674,998.02	
		1,681,289.51
Forestry		24,207.03
Mining		5,214.95
Coal Administration		5,776.71
Fishing		95.30
Game		1,232.38
Trappers		15,033.07
Parks		7,353.93
Claims		60.00
School Lands Fund—Interest on Land Sales		6,459,533.04
School Lands Fund—Interest on Investments		243,657.99
Bureau of Child Protection		
Maintenance of Children		48,055.03
Old Age Pensions recoverable from:—		
Dominion Government	\$ 151,778.53	
Province of British Columbia	127.32	
Province of Manitoba	915.42	
Province of Alberta	408.55	
Province of Ontario	2,925.33	
Province of Prince Edward Island	17.63	
Province of Nova Scotia	76.22	
Province of New Brunswick	23.68	
Province of Quebec	103.95	
		156,376.63
Department of Public Health		
Cancer Fees		60,979.02
Health Units		11,370.80
		\$11,813,590.81
Less Reserve for Non-collection		9,257,162.77
		<u>\$2,556,428.04</u>

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

SCHEDULE C4

STATEMENT No. 2

STORES, MATERIAL, EQUIPMENT, ETC.

as at April 30, 1937

Highways Department, Warehouse Advance	\$224,557.28
Education Advance Account	30,603.42
King's Printer	15,690.48
Battleford Mental Hospital	55,878.80
Weyburn Mental Hospital	45,601.37
Wolseley Home for the Infirm	1,328.06
School for the Deaf	888.08
Industrial School for Boys	1,375.48
Moosomin Jail	6,475.40
Prince Albert Jail	10,640.05
Regina Jail	13,615.40
Battleford Jail	30.78
	<hr/>
	\$406,684.60

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

SCHEDULE C5

DEFERRED CHARGES
As at April 30, 1937

STATEMENT No. 2

Deferred Charges 1929-30		
Implemented Guarantees		
Municipalities Relief Act, 1920	\$ 12,990.05	
Seed Grain Advances Act, 1920	5,944.29	
Extraordinary Expenditures		
Relief to Farmers—Roadwork	311,813.66	
Relief to Farmers in L.I.D.'s	24,172.84	
Advances to Farmers in L.I.D.'s for seed	55,240.54	
Unemployment Relief	30,000.00	
Purchase of Seed Oats	41,614.03	
Freight on Fodder	138,440.87	
		\$ 620,216.28
Deferred Charges 1930-31		
Implemented Guarantees		
Municipalities Relief Act, 1920	\$ 10,193.09	
Seed Grain Advances Act, 1920	1,799.53	
Extraordinary Expenditures		
Relief Work on Roads	138,639.69	
Fodder for Drought Affected Areas	176,725.77	
Freight on Fodder	249,899.94	
Purchase of Seed Oats	36,278.51	
Transfer of Settlers' Effects	3,359.99	
Advances to Indigent Farmers	8,480.75	
Discharge of Commitments made on behalf of Indigent Debtors	1,769.63	
Relief Advances to Farmers in L.I.D.'s	48,297.84	
Relief Advances for seed to farmers in L.I.D.'s	21,980.16	
Relief to Unemployed	465,559.29	
Loans to School Districts	2,145.17	
Grants to Sask. Division of the Canadian Red Cross Society	27,500.00	
		1,192,629.36
Deferred Charges 1932-33		
Implemented Guarantees		
Seed Grain Advances Act, 1920	\$ 3,526.54	
Seed Grain Advances Act, 1930	3,979.04	
Seed Grain Advances Act, 1931	3,093.77	
Saskatchewan Co-operative Creameries, Ltd.	84,211.14	
Extraordinary Expenditures		
Exchange Charges on Interest on Debentures Payable in U.S.A.	252,325.26	
		347,135.75
Deferred Charges 1934-35		
Implemented Guarantees		
Seed Grain Advances Act, 1930	\$ 2,178.15	
Seed Grain Advances Act, 1931	1,827.16	
Saskatchewan Co-operative Creameries, Ltd.	15,957.46	
Extraordinary Expenditures		
Exchange Charges on Interest on Debentures and Stock Payable in New York, U.S.A. and London, England	100,300.45	
		120,263.22
Deferred Charges 1935-36		
Extraordinary Expenditures		
Exchange Charges on 4% Debentures, 1935, redeemed in New York		25,023.45
		<u>\$2,305,268.06</u>

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

SCHEDULE C6

STATEMENT No. 2

DUE FROM RELIEF ACCOUNT TO REVENUE ACCOUNT
as at April 30, 1937

Balance May 1, 1936	\$ 47,000.00
Advances to Relief Account 1936-37 (Net)	87,369.30
Balance April 30, 1937	<u>\$134,369.30</u>

SCHEDULE C7

RECONCILIATION OF DEFICIT ON REVENUE ACCOUNT
as at April 30, 1937

Balance April 30, 1936		\$7,960,772.97
Expenditure on Revenue Account, per Comparative Statement of Expenditure	\$17,654,559.45	
Revenue on Revenue Account, per Comparative Statement of Revenue	16,526,393.36	
	<u>\$1,128,166.09</u>	
Payments, Superannuation Account	\$242,201.73	
Receipts, Superannuation Account	115,811.15	
	<u>126,390.58</u>	
		<u>1,254,556.67</u>
		\$9,215,329.64
Increase in Net Liabilities on Revenue Account and Adjust- ments		494,296.90
Balance April 30, 1937		<u>\$9,709,626.54</u>

SCHEDULE C8

BANK OVERDRAFT, CONSOLIDATED FUND
as at April 30, 1937

The Royal Bank of Canada, Regina, Overdraft	\$1,327,810.78
The Bank of Montreal, Regina, Overdraft	41,847.15
	<u>\$1,369,657.93</u>

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

SCHEDULE C9

STATEMENT No. 2

BANK OVERDRAFT, AGRICULTURAL AIDS ACCOUNT
as at April 30, 1937

The Royal Bank of Canada, Regina, Overdraft	\$ 40,025.27
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SCHEDULE C10

ACCOUNTS PAYABLE—REVENUE ACCOUNT
as at April 30, 1937

Departmental Accounts—

Executive Council	\$ 176.89
Attorney General	117,204.70
Treasury	1.05
Public Works	48,327.12
Highways	46,643.44
Education	5,924.96
Agriculture	1,026.55
Agricultural Aids Account	419.85
Municipal	928.39
Public Health	10,120.85
Natural Resources	5,134.83
Bureau of Child Protection and Old Age Pensions	9,142.16
Insurance	31.34
Bureau of Publications	494.02
	<u>\$245,576.15</u>

SCHEDULE C11

INTEREST ACCRUED ON PUBLIC DEBT
as at April 30, 1937

Interest Accrued on Debentures and Stock	\$1,450,553.24
Interest Accrued on Treasury Bills	1,205,243.33
	<u>\$2,655,796.57</u>

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

SCHEDULE C12

RESERVES

as at April 30, 1937

For Disputed Costs Incurred in Seed Grain Distribution 1908	\$ 148,925.34
School Grants to December 31, 1936, Unpaid	4,372.81
For Proportion of Receipts from Succession Duties and Corporation Tax Pay- able to the University of Saskatchewan.....	246,439.56
For Superannuation Account	756,772.93
	<u>\$1,156,510.64</u>

SCHEDULE C13

DUE TO CAPITAL ACCOUNT

as at April 30, 1937

As per Schedule A6	<u>\$18,877,637.11</u>
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SCHEDULE C14

DUE TO TRUST ACCOUNT

as at April 30, 1937

As per Schedule B6	<u>\$ 58,753.24</u>
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GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

SCHEDULE D1

STATEMENT NO. 2

MISCELLANEOUS ACCOUNTS RECEIVABLE—RELIEF

As at April 30, 1937

Direct Relief Services:

Treasury Department

Direct Relief 1932-33	\$ 511,401.04
Direct Relief 1933-34	1,770,164.12
Purchase of Municipal Debentures—Public Works	612,763.45
Purchase of Municipal Debentures—Direct Relief	224,990.76

Municipal Department

Advances for Direct Relief in R.M.'s	10,769.53
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Northern Settlers Re-establishment Branch

Mennonite Settlers	4,897.46
Relief Settlers	11,742.42

Bureau of Labour and Public Welfare

Relief Settlement Plan	9,205.36
Farm Labour Relief	406,610.26
Provincial Direct Relief	330,208.89
Municipal Direct Relief	9,203,555.96
Administration	47,396.75

Agricultural Re-establishment Services:

Treasury Department

Seed and Seeding 1931-32	3,675,875.53
Seed and Seeding 1932-33	700,486.90
Seed and Seeding 1933-34	3,271,879.25
Feed and Fodder 1932-33	142,540.24
Feed and Fodder 1933-34	1,228,660.68

Agriculture Department

Feed and Fodder	6,517,175.86
Freight on Settlers' Effects	10,779.95
Freight and Bonus on Seed Grain	19,544.93
Gopher Poison	59,954.22
Livestock Sales	13,839.41
Machinery Repairs	163,342.73
Miscellaneous Freight Charges	85,542.07
Protection of Livestock	63,493.32
Processing of Livestock	2,025.45
Seed and Seeding	4,448,775.25
Settlers' Effects	93.80
Summerfallow Operations	66,429.24
Wintering of Livestock	29,162.16

Municipal Department

Seed Grain Advances in R.M.'s and L.I.D.'s	349,266.63
Rye 1931	31,965.99
Fuel, Feed and Fodder in L.I.D.'s	60,937.70

Carried forward..... \$34,085,477.31

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

MISCELLANEOUS ACCOUNTS RECEIVABLE—RELIEF (Continued)
as at April 30, 1937

Brought Forward	\$34,085,477.31
General Relief Services:	
Treasury Department	
Fuel for School Districts	46,555.65
Binder Twine	71,426.19
Grasshopper Bait	938,978.33
Municipal Department	
Medical, Dental, Hospital and Burial	24,448.33
Binder Twine and Repairs	5,470.77
Highways Department	
Roadwork	107.01
Education Department	
Loans to School Districts	4,696.74
Agriculture Department	
Administration due from Dominion Government	6,984.88
Administration due from Rural Municipalities	953.02
Destruction of Grasshoppers	109,432.61
Discharge of Commitments	15,959.78
Drovers Fees re Canner Cattle due from Rural Municipalities	1,888.87
Unloading Charges due from Local Improvement Districts	1,654.95
	<hr/>
	\$35,314,034.44
Less Reserve for Non-collection	26,398,582.62
	<hr/>
	<u>\$ 8,915,451.82</u>

SCHEDULE D2

RECONCILIATION OF DEFICIT ON RELIEF ACCOUNT
as at April 30, 1937

Balance April 30, 1936		\$42,647,726.66
Relief Expenditures 1936-37	\$18,816,713.28	
Less Receipts Unemployment Relief, Including Dominion Contributions	11,823,204.50	
	<hr/>	6,993,508.78
Increase in Net Liabilities on Relief Account		11,653,160.48
Balance April 30, 1937		<u>\$61,294,395.92</u>

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

SCHEDULE D3

STATEMENT No. 2

BANK OVERDRAFTS—RELIEF ACCOUNT
as at April 30, 1937

Overdrafts:		
Relief Account No. 2		\$ 62,783.05
Farm Placement Account		323,220.52
		<hr/> \$386,003.57
Less Bank Balances:		
Relief Account No. 1	\$353,609.62	
Relief Account No. 5	5,136.58	
		<hr/> 358,746.20
Net Overdraft		<hr/> <u>\$ 27,257.37</u>

SCHEDULE D4

ACCOUNTS PAYABLE—RELIEF ACCOUNT
as at April 30, 1937

Direct Relief Services:		
Administration	\$ 4,841.32	
Provincial Direct Relief	110,703.28	
Municipal Direct Relief	650,216.47	
Medical, Dental, Hospital & Burial Relief	23,368.55	
Direct Relief Repayments Refundable	12,449.19	
Farm Placement	502,594.76	
		<hr/> \$1,304,173.57
Agricultural Re-establishment:		
Northern Settlers	\$139,848.93	
Administration	4,416.90	
Freight	3,430.89	
Feed and Fodder	787,338.96	
Seed and Seeding Supplies	71,636.42	
Twine and Repairs	148,530.51	
Summerfallowing	102,990.93	
Dominion-Saskatchewan Livestock Agreement	2,811.90	
Feed and Fodder Repayments Refundable	28,909.89	
		<hr/> 1,289,915.33
General Relief:		
Highways		184.46
		<hr/> <u>\$2,594,273.36</u>

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

SCHEDULE D5

STATEMENT No. 2

DOMINION GOVERNMENT RE RELIEF EXPENDITURES DISALLOWED
as at April 30, 1937

Claims of Dominion Government for relief Expenditures from Dominion Funds in excess of Dominion-Provincial Agreements.....	\$371,671.82
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SCHEDULE D6

DOMINION GOVERNMENT NOTES RECEIVED FROM MUNICIPALITIES IN THE
Drought Area as at April 30, 1937

1934-35 Relief Year	\$1,320,207.86
1935-36 Relief Year	1,248,384.68
	<u>\$2,568,592.54</u>

SCHEDULE D7

DUE TO CAPITAL ACCOUNT
as at April 30, 1937

As per Schedule A7	\$64,513,683.35
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SCHEDULE D8

DUE TO REVENUE ACCOUNT
as at April 30, 1937

As per Schedule C7	<u>\$134,369.30</u>
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GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

STATEMENT NO. 2

SCHEDULE E1

CONTINGENT LIABILITIES AS AT APRIL 30, 1937

Provincial Railway Guarantees Cap. 8, 9, 10 & 11 of Statutes of 1912 and amendments. Cap. 12, 13 & 14 of Statutes of 1912 and amendments. Guarantee of Principal and Interest on Bond Issues for the purpose of building railways in Saskatchewan. Secured by first mortgage on lines of railways for which securities issued and rolling stock acquired for purposes of said lines.	\$27,392,910.66
Note—The Canadian Northern Railway and Grand Trunk Pacific Branch Lines are now part of the Can. Nat. Railways.	
Guarantees Given in Advancement of Agricultural Interests Drainage Districts—Cap. 200 of Revised Statutes of 1930 Guarantees of Debentures issued for construction of drains, secured by liens on all lands affected. Rural Municipalities—Seed Grain—The Rural Municipalities Seed Grain Act—Cap. 119 of the Revised Statutes of 1930 Guarantees to banks for advances to rural municipalities for the purchase of seed grain Loan Companies—Seed Grain Advances Act 1920—Cap. 53 of the Statutes of 1919-20 Guarantees to Loan Companies for advances made to owners of mortgaged lands to enable them to purchase seed grain for use in sowing lands for the crops of 1920. Secured by a mortgage on the lands—the amount advanced becoming part moneys so secured and by a lien upon crops grown upon the lands.	300,306.96 205,421.76 14,774.12
Loan Companies—Seed Grain Advances Act 1930—Cap. 95 of the Statutes of 1930 Seed Grain Advances Act 1931—Cap. 61 of the Statutes of 1931 Seed Grain Advances Act 1935—Cap. 61 of the Statutes of 1934-35 Seed Grain Advances Act 1936—Cap. 83 of the Statutes of 1935-36	48,416.92 37,246.34 926,009.17 348,070.33 41,920.35
Rural Municipalities—Relief Guarantees—The Municipalities Relief Act—Cap. 33 of Statutes of 1919-20 (as amended) Guarantees under agreement with the Dominion Government of 50% of moneys borrowed by rural municipalities to furnish aid to farmers who, owing to failure of crops or other adverse conditions may need such assistance at any time from the time the Act came into force until June 1, 1925. Secured by notes and a charge upon the land.	
Rural Municipalities—Relief Guarantees—The Municipalities Relief Act—Cap. 2 of the Statutes of 1929 Guarantees of moneys borrowed by rural municipalities to furnish aid to farmers who, owing to failure of crops or other adverse conditions may need such assistance at any time from the time the Act came into force until June 1, 1930.	1,539,229.09
Rural Municipalities—Relief Guarantees—The Municipalities Relief Act—Cap. 48 of the Statutes of 1931 (as amended) Guarantees of moneys borrowed by rural municipalities to furnish aid to farmers who, owing to failure of crops or other adverse conditions may need such assistance at any time from the time the Act came into force until October 1, 1931	2,558,895.07
Rural Municipalities—Seed Grain and Supply Act 1935—Cap. 33 of Statutes of 1934-35 —Seed Grain and Supply Act 1936—Cap. 44 of Statutes of 1935-36	666,883.56 2,514,551.96
Saskatchewan Power Commission (\$250,000) Guarantee of Line of Credit by The Royal Bank of Canada (Operating Account).	187,192.57
School Assessment Act Amount borrowed from The Royal Bank of Canada under the provisions of Sect. 44, Cap. 133, R. S. S., 1930	17,042.15
Amount borrowed from The Dominion Bank in connection with School Groups in Northern L.I.D.'s	16,634.36
Moneys Borrowed by Rural Municipalities for Educational Needs Amounts advanced by banks for which guarantees have been given under the authority of Cap. 34 of 1934	206,890.89 176,805.68 113,456.45
Superannuation Account—Interest accrued (estimated)	
1908 Seed Grain—Principal and Interest (Interest estimated)	
	<u>\$37,312,658.39</u>

STATEMENT No. 3

Balance Sheet as at December 31, 1936.

Assets		Liabilities	
Cash on Hand, December 31, 1936	\$ 3,353.88	Bank General Account Overdraft December 31, 1936	\$ 1,868.54
Cash — Petty	50.00	To Provincial Treasurer	
First Mortgages	\$9,333,987.96	Working Capital	\$15,730,559.36
Principal Arrears	1,357,448.04	Administration Expenses	709,991.76
Mortgage Charges	310,102.05	Interest	3,045,390.91
Foreclosed Lands	3,254,224.14		
Agreements of Sale	1,190,044.75	Government Foreclosed Loans Suspense	631,563.04
Charges Advanced on Agreements	17,514.25	Principal Payments Suspense	2,500.90
Interest Arrears	2,990,480.82	Accounts Payable	153.50
	18,453,802.01	Suspense — General	3,638.16
Interest Accrued, November and December not due	\$ 140,984.13	Reserves	
Government Interest Suspense	172,519.83	General	\$ 2,000,000.00
Government Mortgage Repayment Suspense	459,043.21	For Voluntary Adjustment of Debts	1,500,000.00
Office Equipment	8,335.58		
Automobiles (7)	4,925.00		
Expenditure Receivable			
Solicitors' Disbursements	\$ 755.39		
Prepaid Inspection	596.24		
Jas. Tait Auto Advance	423.85		
Bank — Administration Account December 31, 1936	10,691.41		
Deficit	4,370,185.64		
	\$23,625,666.17		\$23,625,666.17

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

STATEMENT No. 4

DEPARTMENT OF TELEPHONES

BALANCE SHEET—CAPITAL SECTION—AS AT APRIL 30, 1937

Assets		Liabilities	
Land and Right of Way	\$ 182,315.20	Government Investment	\$12,224,941.17
Buildings, Plant and Equipment	14,743,055.77	Reserve for Replacement of Plant represented by:	
General Equipment	102,260.90	Repayments of Government Advances	\$3,515,911.75
Material and Supplies per Inventory	423,542.46	Appropriation for Sinking Fund	715,791.30
Sinking Fund deposited with Government	715,791.30	Unappropriated Reserve	1,175,349.86
Deferred Debits. Exchange on Capital Debt Repayments ..	275,240.31		\$5,407,052.91
	<u>\$16,442,205.94</u>	Reserve for Depreciation of General	
Due by Revenue Account for Depreciation	1,230,224.08	Equipment	54,874.22
Due by Revenue Account re Capital Funds	14,438.28		<u>5,461,927.13</u>
	<u>\$17,686,868.30</u>		<u>\$17,686,868.30</u>

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BALANCE SHEET—REVENUE SECTION—AS AT APRIL 30, 1937

Assets		Liabilities	
Cash on Hand and in Banks	\$ 535,664.08	Sundry Accounts Payable	\$ 9,712.70
Working Advances	5,022.43	Service Billed in Advance	205,007.71
Accounts Receivable	\$ 344,267.22		
Miscellaneous Accounts	21,181.50	Total	\$ 214,720.41
	<u>\$ 365,448.72</u>	Due to Capital Account	1,244,662.36
Less Reserve for Uncollectable	59,538.14	Reserve for Sundry Fire Losses	9,317.49
	<u>\$ 305,910.58</u>		
Unexpired Services:			
Insurance	\$ 10,058.09		
Directories	9,547.42		
Other Services	3,465.56		
	<u>23,071.07</u>		
Deficit	599,032.10		
	<u>\$1,468,700.26</u>		<u>\$1,468,700.26</u>

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

STATEMENT NO. 5

THE SASKATCHEWAN POWER COMMISSION

Balance Sheet as at December 31, 1936

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Assets		Liabilities	
Capital Section		Capital Section	
Fixed Capital	\$7,535,783.48	Provincial Treasurer—Capital Advances	\$6,538,350.00
Cash on Hand and in Bank		Debt Assumed by the Com-	
—Royal Bank of Canada,		mission	956,031.81
Regina	857.31	Accounts Payable	19,681.33
Accounts Receivable	8,075.73	Reserve—Debentures Redeemed	197,057.58
Stores Account	166,404.20		
			\$7,711,120.72
Current Section		Current Section	
Bank of Montreal — Im-		Royal Bank of Canada — Operating	
prest Account	\$ 5,000.00	Account	\$ 101,192.73
Automobiles and Trucks	\$ 3,509.24	Accounts Payable	248,411.37
Tools and Equipment	7,052.60	Reserves	
Office Equipment	1,155.83	Reserve for Bad and	
		Doubtful Accounts	\$ 9,050.72
Less Depreciation—1936	\$11,717.67	Reserve for Replacements	
	2,808.04	and Contingent Losses ..	156,796.37
Accounts Receivable	8,909.63	Sinking Fund Reserve —	
Stores Account	192,837.05	Depreciation	1,405,958.78
Unexpired Insurance	41,578.94		
Sinking Fund Investment	3,223.78		\$1,571,845.87
Account		Less Deficit:	
Deferred Charges	1,344,959.14	To December	
	11,192.16	31, 1935	\$289,598.72
		For Year	
		1936	24,150.55
			313,749.27
			1,258,096.60
			1,607,700.70
			\$9,318,821.42
Administration Section		Administration Section	
Cash on Hand and at Bank		Accounts Payable—Sundry	
—Royal Bank of Canada,		Persons	\$ 1,298.03
Regina	\$ 27,209.62	Suspense Account:	
Accounts Receivable	1,955.42	Consumers' Deposits	\$ 28,259.94
Merchandise Account	530.93	Miscellaneous Accounts	138.00
			28,397.94
			29,695.97
			\$9,348,517.39

STATEMENT No. 6

LIQUOR BOARD

Balance Sheet as at March 31st, 1937.

Assets		Liabilities	
Cash:		Accounts Payable:	
In Sundry Banks	\$ 418,018.70	Sundry Accounts	\$ 160.39
On Hand	25,899.65	Provincial Treasurer, Permit Fees	132.50
	\$ 443,918.35		\$ 292.89
Funds on Deposit with Provincial Treasurer, including Interest Accrued	351,811.08	Beer Parlor Application and License Fees held in Suspense pending issuance of Licenses	257.50
Bank Interest Accrued	777.11	Contingent Reserve (Pursuant to Sec. 214, Cap. 232, Statutes 1930)	500,000.00
Stocks as per Inventory:		Profit and Loss Account:	
In Warehouse	\$ 243,405.29	Balance as at April 1st, 1936	\$ 706,054.04
At Stores	185,582.63	Profit for Year	1,451,274.73
Supplies in Warehouse	24,683.35		
		LESS: Payments to Provincial Treasurer...	798,108.17
Empty Barrels on Hand	660.00		
Accounts Receivable:			
Advances and Deposits	\$ 2,488.50		
Sundry Accounts and Claims	7,849.96		
Prepaid Expenses	3,990.90		
Automobile, at Cost	\$ 1,279.50		
LESS: Reserve for Depreciation	458.01		
	821.49		
Furniture and Equipment	\$ 59,454.66		
LESS: Reserve for Depreciation	26,784.76		
	32,669.90		
	\$1,298,658.56		\$1,298,658.56

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

S. C. Burton, Receiver and Manager

SASKATCHEWAN CO-OPERATIVE CREAMERIES LIMITED,

Balance Sheet as at April 30, 1937

STATEMENT NO. 8

Assets		Liabilities	
Cash on Hand and in Banks after providing for all Outstanding Cheques		Accounts Payable	\$ 53,993.73
Receivables—New:		Milk Tickets Outstanding	1,661.01
Open Accounts	\$ 88,071.96	Reserves and Accrued Charges	5,639.67
Cabinet Accounts	7,741.81	Suspense	1,976.82
			\$ 63,271.23
Less: Reserve for Doubtful Accounts	\$ 95,813.77	Receiver and Manager's Operating Profit	\$1,166,640.35
	22,743.90	Mortgage due Saskatchewan Government	317,460.00
Produce on Hand	\$ 212,817.12	Less: Distribution by Receiver	
Less: Deposits on Consigned Poultry Sales	65,084.73	1944 Bonds held by the Public	\$ 232,200.00
Supplies and Equipment in Stores		1944 Bonds held by the Government	159,200.00
Deferred and Prepaid Charges		1944 Bonds held by the Sinking Fund	108,600.00
Light, Power and Grading Deposits			\$ 500,000.00
		Less: Bonds and Funds deposited with the Sinking Fund Trustees	109,467.05
Agreements Receivable covering sale of Plants at Unity and Empress			\$ 390,532.95
Receivables—Old: (Assigned to Saskatchewan Government)		Plus: Interest Due and Accrued	184,378.37
Open Accounts	\$ 13,053.30		\$ 574,911.32
Cabinet Accounts	35,765.15	Less: Distribution by Receiver to Trustees	89,540.00
Cabinet Accounts where security has been repossessed	10,402.28		485,371.32
		Bank Guarantees Implemented by the Saskatchewan Government	
Less: Reserve for Bad Debts	\$ 59,220.73	Unclaimed Dividends	
	18,554.27	Capital Stock: (Memo Only)	
		Cumulative Preferred	\$ 584,020.00
Balance in Trust Account being collections on Old Accounts Receivable		Less: Forfeited	9,390.00
Agreement of Sale (The Purity Dairy Limited)	\$ 15,104.33		\$ 574,630.00
Capital Work in Progress	1,857,631.47	Amalgamation Preferred Series A	108,000.00
Real Estate, Buildings and Equipment	\$1,872,735.80	Government Redeemable Preferred	355,083.35
	454,616.96	Common	345,275.09
Less: Reserve for Depreciation	\$2,576,968.25		\$1,382,988.44
Plant Adjustment Account	42,214.13	Outstanding Cheques issued prior to January 31st, 1932	\$ 589.58
Deficit January 31, 1937		Amount held in Special Bank Account to cover	589.58
Supplementary Deficit	\$2,619,182.38	Outstanding Cream Cheques issued prior to January 31st, 1932	\$ 510.77
Less: Capital Opposite	1,382,988.44	Amount in Special Bank Account to cover	510.77
			\$3,090,963.38

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

STATEMENT No. 9

Balance Sheet as at April 30, 1929.

CAPITAL SECTION

Assets		Liabilities	
Dominion of Canada:	\$60,101,584.09	Provincial Government Securities	Revenue
Capital Account		Outstanding:	Bearing
Edward VII	\$ 8,107,500.00	Sask. Government Stock	\$ 2,450,795.77
School Funds — retained at		Provincial Debentures	21,989,842.87
Ottawa — Cash	\$ 691,922.28		\$33,835,137.65
Dominion of Canada 5% de-			\$24,440,638.64
benture Stock	17,336,922.28		
School Lands—			
Balance of Principal and		Treasury Bills	
Interest Receivable under		Royal Bank of Canada	4,417,235.15
Agreements of Sale	\$19,850,717.81	Liabilities for Capital Expenditures (Per Contra)	211,020.62
*Unsold Lands	34,657,161.81	On Public Buildings	\$ 175,073.27
	\$60,101,584.09	On Public Improvements	35,947.35
			\$ 211,020.62
Public Works and Undertakings	36,316,914.98		
Expenditures to April 30, 1929		Due to Current Account	12,879.62
Add—Liabilities for Expenditures	\$36,105,894.36	Capital Surplus:	61,440,963.03
(per Contra)	211,020.62	Excess of Capital Assets (other than	
	\$36,316,914.98	School Lands) over Capital Liabilities,	
Loans and Advances		subject to Depreciation of Public Works	
Capital Repayments:		and Undertakings	\$26,753,801.22
Representing Cash received in repayment		Surplus represented by Sold and Unsold	
of Loans and other Capital Assets	24,643,311.34	School Lands, as per contra	34,657,161.81
against which Provincial Debentures	1,691,002.15		\$61,440,963.03
were issued and are outstanding:			
Credited to Sinking Funds as per			
Contra—			
General	\$ 1,537,459.62		
Patriotic	153,542.53		
	\$ 1,691,002.15		
Capital Cash in Banks:	39,902.67		
Farm Loans Act—Proceeds from Sales of			
Debentures and Treasury Bills (Net)	1,565,159.48		
Unamortized Debt Discount and Expense			
Carried forward	\$124,357,874.71	Carried forward	\$124,357,874.71

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

Balance Sheet as at April 30, 1937

CAPITAL SECTION—Continued

Assets		Liabilities	
Brought forward	\$124,357,874.71	Brought forward	\$124,357,874.71
Sinking Funds and Trust Investments	3,192,540.67	Sinking Funds:	
		General	\$ 1,537,459.62
		Patriotic	153,542.53
		General and Patriotic Accretions	110,140.95
			<hr/>
		4% Registered Stock 1951	\$1,801,143.10
		4 1/2% Registered Stock 1954	755,648.62
			244,405.93
			<hr/>
		Miscellaneous Treasury Trusts	\$ 2,801,197.65
			391,343.02
			<hr/>

\$127,550,415.38

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*Unsold Lands:

Surveyed, 710,873 Acres at a value of \$15.00
per acre

Unsurveyed, 4,143,349 Acres at Nominal
Value of \$1.00 per acre

Contingent Liabilities:

Guarantee of Principal and Interest of Debentures and Debenture Stocks of Canadian Northern and G.T.P. Branch Lines	\$27,392,910.66
Guarantee of Principal and Interest on Drainage District Debentures	462,865.16
Guarantee of Bank Loans of Saskatchewan Co-operative Creameries, Limited	864,754.00
Guarantee in respect to advancement of Agricultural Interests	321,988.10
Expenditure to be incurred on Contracts in respect to Public Works, etc.	1,390,000.00

Total Acres, 4 854,222 in terms of area
estimated at Ottawa

\$14,806,444.00

\$30,432,517.92

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

STATEMENT No. 9

Balance Sheet as at April 30, 1929.

CURRENT SECTION

Assets

Cash in Bank
 Royal Bank of Canada (Including
 \$1,922,738.78 received from Saskatche-
 wan Liquor Board)
 Bank of Montreal

\$1,945,970.91
 9,892.19

\$ 1,955,863.10

Dominion of Canada
 (Interest on School Land Sales Agree-
 ments, etc).
 Taxes Receivable and Accrued
 (Less Reserve for Remissions and Cancel-
 lations \$125,000.00)

1,731,199.20

Provincial Boards and Commissions, etc.
 Other Accounts Receivable

\$1,583,100.96
 847,152.96

\$ 735,948.00

Inventories of Supplies, etc.
 Deferred Charges
 Due from Capital Account

331,141.33
 182,033.57
 12,879.62

Liabilities

Treasury Bill: (Issued under Deferred Charges Act 1923) \$ 182,036.57
 Royal Bank of Canada.
 Interest Accrued
 On Government Securities
 On Treasury Bills

\$ 694,621.52
 34,851.00

\$ 729,472.52

Other Accounts Payable
 Reserves

623,631.87
 473,246.73

For Disputed Costs incurred in Seed Grain
 Distribution, 1908
 For Grants to University of Saskatchewan
 For Superannuation Account

148,925.34
 239,000.00
 85,321.39

\$ 473,246.73

Revenue Received in Advance
 Due to Treasury Trust Accounts
 Miscellaneous Trust Accounts
 Less—Due from Patriotic Aids Sinking
 Fund

2,028,180.03
 94,586.17
 \$ 96,088.91
 1,502.74

\$ 94,586.17

Surplus
 Profits received from the Saskatchewan
 Liquor Board not yet appropriated
 Less—Excess of Current Liabilities over
 Current Assets before taking credit for
 these profits

1,855,474.18
 \$1,922,738.78
 67,264.60

\$1,855,474.18

\$5,986,628.07

\$5,986,628.07

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

STATEMENT No. 10

COMPARATIVE STATEMENT OF GROSS BONDED DEBT
as at Fiscal Year Ends Indicated

	Direct Debentures and Registered Stock	Treasury Bills	Total
April 30, 1914	17,091,936.65	\$ 3,893,333.33	\$ 20,985,269.98
April 30, 1922	49,685,475.62	1,372,000.00	51,057,475.62
April 30, 1926	53,614,176.29	3,691,239.69	57,305,415.98
April 30, 1927	56,944,576.29	816,700.46	57,761,276.75
April 30, 1928	58,309,256.29	653,784.97	58,963,041.26
April 30, 1929	58,275,776.29	4,599,271.72	62,875,048.01
April 30, 1930	73,667,316.29	1,093,021.84	74,760,338.13
April 30, 1931	85,141,204.55	7,875,543.09	93,016,747.64
April 30, 1932	101,831,236.29	26,888,470.16	128,719,706.45
April 30, 1933	109,209,641.36	30,810,092.37	140,019,733.73
April 30, 1934	112,868,206.85	35,665,920.81	148,534,127.66
April 30, 1935	121,109,740.40	53,604,646.39	174,714,386.79
April 30, 1936	124,446,374.53	68,189,134.65	192,635,509.18
April 30, 1937	124,043,319.56	75,758,531.55	199,801,851.11

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

STATEMENT NO. 12

COMPARATIVE STATEMENT OF ALLOCATION OF FUNDED DEBT AND TREASURY BILLS As at Fiscal Year Ends Indicated Below

Purpose of Issue	April 30, 1927	April 30, 1928	April 30, 1929	April 30, 1930	April 30, 1931	April 30, 1932	April 30, 1933	April 30, 1934	April 30, 1935	April 30, 1936	April 30, 1937
Public Buildings	\$18,621,352	\$18,356,302	\$19,529,502	\$21,939,926	\$22,968,309	\$23,106,055	\$23,134,500	\$23,135,962	\$23,195,076	\$23,401,824	\$23,535,053
Public Improvements	14,154,112	15,203,910	16,556,910	20,445,590	28,645,587	32,122,788	32,203,109	32,260,278	32,437,241	33,630,938	33,799,458
Telephones	10,307,717	11,148,071	11,648,071	12,461,801	13,276,665	13,713,027	13,868,106	13,868,106	14,115,064	14,147,932	14,147,932
Sask. Co-operative Elevators	2,522,741	2,425,219	2,425,219	2,425,219	2,425,219	2,437,093	2,440,262	2,440,262	2,445,309	2,445,309	2,445,309
Sask. Co-operative Creameries	688,055	672,831	672,831	673,077	673,077	673,077	673,077	2,014,974	2,014,974	2,257,145	2,257,145
Patriotic Aids	153,542	153,542	153,542	153,542	153,542	65,436	65,436	65,436	65,436	65,436	65,436
City of Regina	586,352	586,352	586,352	586,352	586,352	586,352	586,352	586,352	586,352	586,352	586,352
Drainage Districts	415,121	384,099	384,099	384,099	384,100	386,934	389,885	389,885	394,584	394,584	394,584
Farm Loans	9,662,900	9,390,280	9,756,800	12,083,340	13,609,428	15,020,460	15,442,327	15,737,568	15,979,102	16,402,297	16,340,242
Lignite Utilization Board	279,685	279,685	279,685	279,685	279,685	279,685	279,685	279,685	279,685	279,685	279,685
Power Commission	—	—	500,000	—	5,490,426	6,333,054	6,583,054	6,757,732	6,772,550	6,961,762	7,037,352
Wheat Pool Guarantees	—	—	—	—	—	13,577,000	13,752,000	13,752,000	13,752,000	13,752,000	13,752,000
Agricultural Aids	200,000	200,000	200,000	200,000	514,200	514,200	514,200	514,200	514,200	300,000	300,000
Cancer Commission	—	—	—	—	117,137	130,707	130,707	130,707	130,707	135,432	134,015
Deferred Charges	169,700	162,750	182,037	893,022	2,524,861	2,239,240	2,232,985	2,362,756	2,641,399	2,809,131	2,809,131
Natural Resources	—	—	—	—	—	90,410	90,410	101,986	101,986	101,986	92,463
Revenue Deficit	—	—	—	—	1,368,160	6,840,722	10,714,269	10,714,269	13,822,970	15,103,401	15,896,622
Relief Account	—	—	—	—	—	10,603,466	16,919,370	23,295,027	45,086,457	59,213,349	65,286,811
Implementing of Guarantees	—	—	—	—	—	—	—	126,943	379,295	646,946	642,231
Totals	\$57,761,277	\$58,963,041	\$62,875,048	\$74,760,338	\$93,016,748	\$128,719,706	\$140,019,734	\$148,534,128	\$174,714,387	\$192,635,509	\$199,801,851
Funded Debt	\$56,944,576	\$58,309,256	\$58,275,776	\$73,667,316	\$85,141,205	\$101,331,236	\$109,209,642	\$112,868,207	\$121,109,740	\$124,446,374	\$124,043,320
Treasury Bills	816,701	653,785	4,599,272	1,093,022	7,875,543	26,888,470	30,810,092	35,665,921	53,604,647	68,189,135	75,758,531
Totals	\$57,761,277	\$58,963,041	\$62,875,048	\$74,760,338	\$93,016,748	\$128,719,706	\$140,019,734	\$148,534,128	\$174,714,387	\$192,635,509	\$199,801,851

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

STATEMENT No. 13

Comparative Statement of Revenue-Income Account-Showing Source of Revenue for Fiscal Years Ended as Indicated

Source	February 28 1911	April 30 1916	April 30 1921	April 30 1926	April 30 1931	April 30 1932	April 30 1933	April 30 1934	April 30 1935	April 30 1936	April 30 1937
1. Dominion Government	\$1,329,063.40	1,950,659.94	3,088,646.42	2,835,659.02	3,134,958.83	2,942,574.08	3,093,205.33	3,114,191.25	3,198,052.80	3,315,591.02	3,142,076.65
(a) Subsidy	\$1,229,975.00	1,710,675.00	1,753,075.00	1,850,755.00	1,988,295.00	2,112,803.00	2,112,803.00	2,128,889.00	2,144,975.00	2,144,975.00	2,120,083.80
(b) School Lands	99,088.40	239,984.94	1,335,571.42	984,904.02	1,196,690.83	829,771.08	980,402.33	985,302.25	1,053,077.80	1,170,616.02	1,021,992.85
2. Taxation	154,698.72	299,002.92	3,424,315.60	4,305,628.48	4,686,557.52	3,308,199.10	4,901,894.18	4,663,424.78	4,281,901.71	5,686,939.81	5,747,499.14
(a) Inheritance	\$ 39,615.20	44,380.43	324,403.17	332,607.04	318,244.73	199,093.48	177,375.54	148,943.56	223,210.59	324,327.81	311,018.83
(b) Corporation	51,363.52	167,204.89	416,648.54	487,525.21	583,103.15	521,148.98	751,649.32	705,045.63	588,031.66	614,938.66	571,066.47
(c) Railways	63,720.00	87,417.60	106,950.00	349,000.00	404,000.00	190,000.00	618,000.00	404,000.00	—	808,000.00	404,000.00
(d) Public Revenues	—	—	1,775,895.00	2,448,994.84	1,253,784.82	1,020,763.57	1,389,786.83	1,483,825.72	1,561,630.80	1,666,174.40	1,728,188.95
(e) Wild Lands	—	—	750,654.68	603,804.60	173,924.45	133,317.06	112,234.02	50,360.06	42,852.85	26,823.33	12,370.30
(f) Gasoline	—	—	—	—	1,918,833.36	1,210,537.20	1,394,544.25	1,420,963.35	1,498,842.84	1,749,059.30	2,097,792.11
(g) Income	—	—	—	—	—	—	403,857.06	371,660.21	296,919.21	424,793.56	550,806.20
(h) Miscellaneous	—	—	49,764.11	(2) 83,696.79	34,667.01	33,338.81	54,447.16	78,626.25	70,413.76	72,822.75	72,256.28
3. Licenses	\$ 164,469.93	195,188.46	1,133,953.88	1,998,152.56	2,119,122.39	1,283,941.16	1,715,299.63	1,573,388.41	1,378,388.11	1,499,052.57	1,849,767.12
(a) Motors	\$ 5,320.00	111,153.00	945,783.47	1,717,982.60	1,884,485.96	1,026,820.32	1,536,129.89	1,393,716.17	1,198,984.99	1,315,143.76	1,606,957.35
(b) Company	—	—	45,868.01	53,075.00	64,885.00	61,470.00	60,355.00	58,185.00	57,545.00	56,800.00	62,937.50
(c) Moving Pictures	—	12,454.25	30,093.28	33,312.40	35,551.19	29,083.75	25,393.45	28,323.90	33,383.56	38,649.05	41,245.45
(d) Miscellaneous	159,149.93(1)	71,581.21	112,209.12	193,782.56	134,200.24	116,567.09	93,416.29	93,163.34	88,974.56	88,459.76	138,626.82
4. Fees	\$ 529,329.69	1,062,810.43	1,202,164.13	918,086.14	965,472.40	744,813.90	724,225.05	780,905.62	746,673.61	881,248.23	976,165.43
(a) Companies	\$ 25,743.90	95,484.00	98,552.31	62,399.23	46,819.00	25,732.00	22,615.25	21,724.00	22,941.50	25,538.50	34,308.25
(b) Land Titles and Land Titles Assurance	353,929.10	398,373.42	799,880.97	556,378.00	439,902.21	303,279.38	205,644.27	175,462.14	166,647.33	204,940.59	219,374.92
(c) Examination	4,558.30	26,102.76	17,593.12	72,780.10	112,356.93	101,831.73	68,320.31	69,570.28	61,448.12	61,966.10	65,764.54
(d) Court and Sheriff	15,171.54	289,026.07	14,019.80	3,222.27	119,857.29	94,011.38	72,197.49	50,833.47	48,634.58	50,030.71	58,001.99
(e) Law Stamps	97,329.53	195,036.02	153,276.43	83,023.95	69,154.94	54,370.74	37,076.32	29,376.25	27,971.08	33,418.58	35,677.39
(f) Grazing	—	—	—	—	1,353.28	—	62,600.18	71,985.75	61,106.08	93,643.31	75,394.08
(g) Operators	—	—	—	—	—	36,155.87	60,972.21	56,790.64	56,154.58	60,353.85	74,697.79
(h) Highway Traffic Board	—	—	—	—	—	—	32,047.90	121,101.17	129,157.25	166,060.51	213,305.31
(i) Miscellaneous	32,597.32	58,188.16	123,901.50	140,282.59	176,023.75	129,432.80	162,751.12	184,061.92	172,613.09	185,296.08	199,640.86

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

Comparative Statement of Revenue-Income Account-Showing Source of Revenue for Fiscal Years Ended as Indicated (continued)

Source	February 28 1911	April 30 1916	April 30 1921	April 30 1926	April 30 1931	April 30 1932	April 30 1933	April 30 1934	April 30 1935	April 30 1936	April 30 1937
5. Interest	\$ 17,689.28	391,607.52	930,571.59	1,250,966.68	1,172,613.07	1,551,625.73	2,273,649.19	2,164,885.24	1,991,037.18	2,533,089.38	2,440,120.05
(a) Bank Interest	\$ 17,689.23	14,902.04	36,063.67	3,406.32	15,902.97	29,953.81	13,461.50	3,750.65	3,725.41	4,145.48	2,082.98
(b) Saskatchewan Pool Elevators ..	—	94,441.68	132,556.72	124,808.50	65,734.90	49,301.18	32,867.45	32,867.45	—	—	—
(c) Telephone	—	257,750.06	478,859.74	472,867.55	609,176.72	667,021.42	663,197.53	658,374.43	631,787.52	656,282.73	625,061.31
(d) Saskatchewan Farm Loan Board ..	—	—	196,350.71	641,694.47	276,903.31	211,203.49	409,903.52	390,433.07	155,730.59	634,986.17	509,102.44
(e) Department of Public Works	—	—	1,312.64	588.54	919.13	389.60	32.00	—	78.92	43.87	543.18
(f) Attorney-General's Department ..	—	—	4,149.00	4,298.67	3,031.05	5,834.42	1,863.42	1,601.80	6,139.98	1,736.39	931.32
(g) Saskatchewan Co-operative Creameries	—	—	—	—	53,577.57	4,378.00	3,900.00	46,800.00	68,752.00	118,116.00	113,324.00
(h) Saskatchewan Power Commission ..	—	—	—	—	142,541.33	272,030.79	294,875.59	334,977.20	310,058.36	284,812.77	362,675.41
(i) Saskatchewan Co-operative Wheat Producers	—	—	—	—	—	305,482.50	683,443.67	618,840.00	618,840.00	618,840.00	618,840.00
(j) Receiver & Manager Sask. Co-op. Creameries	—	—	—	—	—	193.12	1,427.62	—	—	—	—
(k) Capital Account	—	—	71,033.23	513.13	—	—	143,095.00	159,124.34	186,331.79	185,545.30	180,772.36
(l) Drainage Districts	—	—	5.50	—	—	—	1,226.30	1,259.22	6,032.13	25,090.73	24,109.38
(m) General	—	21,513.74 (3)	10,240.24	2,759.50	4,826.09	6,837.40	24,355.59	6,657.08	3,560.48	3,509.94	2,677.67
6. Public Domain	\$ —	—	—	—	284,656.58	522,603.38	396,986.38	359,403.62	421,431.96	497,249.96	497,012.54
(a) Provincial Lands	—	—	—	—	121,745.60	172,063.69	102,739.76	80,996.46	77,636.82	67,435.72	67,195.94
(b) Forest and Fisheries	—	—	—	—	135,886.38	176,308.51	137,821.79	116,821.25	163,318.32	231,006.37	241,519.54
(c) Mines	—	—	—	—	26,873.56	55,743.96	39,519.98	48,892.60	50,967.80	73,883.07	64,335.17
(d) Water Rights	—	—	—	—	151.04	17,470.88	22,525.07	22,350.06	41,279.50	35,849.31	37,769.72
(e) School Lands Administration	—	—	—	—	—	101,011.34	94,379.78	90,343.25	88,229.52	89,075.49	86,192.17
7. Liquor Profits	—	—	—	700,000.00	1,364,621.11	843,417.01	1,064,657.21	918,926.92	1,027,572.68	1,278,730.74	1,451,274.73
8. Miscellaneous	\$ 200,255.70	559,960.39	659,604.07	819,563.04	617,980.71	755,472.23	664,970.98	677,840.36	641,175.62	432,787.29	422,477.70
Grand Total	\$2,395,506.72	4,459,229.66	10,439,255.69	12,828,055.92	14,346,009.61	11,902,646.59	14,834,887.95	14,252,766.20	13,686,733.67	16,124,689.00	16,526,393.36
Plus Old Age Pensions Refunds	—	—	—	—	487,717.26	1,220,444.51	1,342,896.29	1,350,666.75	1,431,256.86	1,610,610.42	1,738,630.95
\$2,395,506.72	4,549,229.66	10,439,255.69	12,828,055.92	14,833,726.87	13,123,091.10	16,177,784.24	15,603,432.95	15,167,990.53	17,735,299.42	18,265,024.31	

(1) \$132,956.47 of this amount represents liquor licenses.

(2) Due to the fact that, in the fiscal years previous to 1920-21, Supplementary Revenue Tax Collections were kept in a separate Trust Fund the amount collected on this account for the fiscal year 1920-21—\$493,024.29—has been deducted from the total revenue on income account as set out in Public Accounts.

(3) This amount of interest was paid by the City of Regina.

(4) \$8,836.54 of this amount was paid by the City of Regina.

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

SUMMARY OF EXPENDITURE ON INCOME ACCOUNT
Showing Nature of Expenditure

For Fiscal Years Ended as Indicated

	Feb. 28 1911	April 30 1916	April 30 1921	April 30 1926	April 30 1931	April 30 ^a 1932	April 30 1933	April 30 1934	April 30 1935	April 30 1936	April 30 1937
Debt Charges	\$ 192,812.53	\$1,093,706.59	\$ 2,259,604.94	\$ 2,836,137.87	\$ 3,819,659.88	\$ 5,351,076.71	\$ 5,951,035.11	\$ 6,452,012.25	\$ 6,548,100.76	\$ 6,889,170.80	\$ 7,038,653.39
Legislation	57,100.51	236,160.78	331,688.23	379,594.22	299,655.12	205,628.96	185,532.39	182,444.81	379,894.84	178,404.81	168,653.20
Administration and General Government..	320,164.10	541,727.79	1,458,432.22	1,220,707.19	1,673,699.79	1,617,468.76	1,448,114.40	1,344,064.65	1,335,143.35	1,327,695.82	1,403,500.47
Education	489,857.78	989,405.64	1,913,015.56	3,763,379.61	4,252,239.24	4,326,690.90	2,816,868.97	2,414,634.77	2,674,985.74	3,078,382.58	2,875,701.11
Legal and Judicial Administration	431,071.29	999,902.40	1,418,755.94	1,241,216.40	1,352,487.43	1,299,900.88	1,037,428.36	1,011,169.73	961,411.16	913,688.08	947,598.87
Transportation and Communications	445,460.26	296,784.51	1,053,128.37	1,038,101.13	2,101,303.32	970,486.88	650,132.37	753,921.96	802,169.11	807,165.51	935,086.82
Public Welfare	192,058.66	434,511.23	1,281,054.39	1,761,799.04	4,167,542.26	4,221,281.94	4,043,104.98	4,105,948.88	4,458,104.14	4,704,378.23	5,169,329.35
Agriculture and Public Domain	238,406.29	228,902.90	791,382.92	328,613.16	806,658.73	753,710.75	532,769.51	634,861.43	589,841.12	600,620.39	726,792.88
Other Ordinary Expenditure	27,287.47	23,498.70	225,569.76	173,872.94	217,148.11	197,135.12	91,385.02	98,367.24	127,521.58	165,767.46	127,874.31
Total Expenditure	\$2,394,218.89	\$4,844,600.54	\$10,732,682.33	\$12,743,421.61	\$18,690,393.88	\$18,943,380.90	\$16,756,421.11	\$16,997,425.72	\$17,877,171.80	\$18,665,273.68	\$19,393,190.40

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

STATEMENT NO. 14

Detailed Comparative Statement of Expenditure on Income Account Showing Nature of Expenditure for Fiscal Years Ended as Indicated

	Feb. 28 1911	April 30 1916	April 30 1921	April 30 1926	April 30 1931	April 30 1932	April 30 1933	April 30 1934	April 30 1935	April 30 1936	April 30 1937
Debt Charges											
1. Interest on—											
(a) Bonds, Debentures & Stocks	\$ 79,942.86	893,101.55	1,866,524.99	2,584,410.74	3,622,405.58	4,446,405.02	4,809,257.89	5,421,483.11	5,633,897.92	5,977,992.84	5,960,499.57
(b) Treasury Bills	62,821.63	117,371.48	50,833.01	198,399.97	147,158.96	619,033.50	913,624.79	849,382.49	673,195.77	580,739.32	673,268.96
(c) Superannuation Funds						932.43	1,251.03	1,491.29	6,915.17	4,535.47	4,747.14
(contributions refunded)						35,491.17	25,736.91	4,284.70	8,277.40	6,907.53	7,027.38
(d) Other Interest											
Total Interest	\$142,764.49	1,010,473.03	1,917,358.00	2,782,810.71	3,770,809.45	5,101,862.12	5,749,870.62	6,276,641.59	6,330,286.26	6,570,175.16	6,645,543.05
2. Sinking Funds	40,818.00	75,498.96	186,959.62	34,736.48	28,151.48	28,151.48	175,836.48	152,951.48	187,951.48	267,951.48	357,951.48
3. Commissions	2,433.33			11,335.98	8,802.44	14,559.17	14,198.84	13,389.41	13,788.73	19,819.47	11,013.35
4. Exchange	4,135.40	4,885.14	147,423.23			195,503.25		175.04	5,697.14	19,521.69	16,270.85
5. Charges of Management			4,374.33	7,254.70	11,896.51	7,174.09	7,267.44	5,018.56	6,632.73	7,505.00	3,650.14
6. Other Miscellaneous Debt Charges	2,661.31	2,849.46	3,489.76			3,826.60	3,861.73	3,836.17	3,744.42	4,198.00	4,224.52
Total Ordinary Expenditure on Debt Charges	\$192,812.53	1,093,706.59	2,259,604.94	2,836,137.87	3,819,659.88	5,351,076.71	5,951,035.11	6,452,012.25	6,548,100.76	6,889,170.80	7,038,653.39
Legislation											
1. Lieutenant Governor's Office (salaries and contingencies)	1,407.42	2,767.45	3,302.42	7,881.55	6,468.66	7,641.25	6,070.78	5,012.92	4,023.77	5,465.83	5,503.95
2. Government House Maintenance	19,794.28	10,764.78	22,141.50	10,739.88	14,691.41	13,477.30	10,903.97	10,292.11	10,404.09	10,834.17	14,032.77
3. Elections, Voters' Lists, etc.	4,672.56	6,980.24	2,976.22	193,463.88	3,362.76			4,074.52	214,358.84	17,756.49	341.35
4. Legislative Assembly—											
(a) Members, Indemnities	12,790.00	158,570.00 (3)	111,520.00	111,460.00	125,780.00	126,000.00	123,990.00	118,000.00	104,960.00	99,000.00	99,000.00
(b) Members, Mileage Allowances		1,625.10	943.90	1,061.05	1,064.80	1,095.97	1,087.30	1,128.80	1,341.20	1,275.80	1,287.90
(c) Salaries of Officials	1,710.00	5,960.00	11,933.32	7,770.00	12,570.00	12,570.00	11,395.00	10,365.00	9,040.00	10,000.00	10,000.00
(d) Printing, Contingencies and other expenses	16,726.25 (1)	49,493.21 (1)	19,024.86	23,978.91	29,392.95	26,904.03	16,118.01	17,747.69	18,320.00	16,760.67	20,500.00
Total Legislative Assembly	\$ 31,226.25	215,648.31	142,422.08	144,269.96	168,807.75	166,570.00	152,590.31	147,241.49	133,661.20	127,036.47	130,787.90
5. Legislative Library			33,598.63	12,356.44	12,498.46	9,614.38	9,747.79	9,499.83	10,199.31	9,495.82	9,707.91
6. Legislative Counsel and Law Clerk			126,247.38 (2)	10,882.51	93,826.08 (2)	8,325.73	6,263.54	6,323.94	7,247.63	7,815.98	8,279.32
Total Legislation	\$ 57,100.51	236,160.78	331,688.23	379,594.22	299,655.12	205,628.96	185,582.39	182,444.81	379,894.84	178,404.81	168,653.20

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GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

Detailed Comparative Statement of Expenditure on Income Account Showing Nature of Expenditure for Fiscal Years Ended as Indicated (Continued)

STATEMENT NO. 14

	Feb. 28 1911	April 30 1916	April 30 1921	April 30 1926	April 30 1931	April 30 1932	April 30 1933	April 30 1934	April 30 1935	April 30 1936	April 30 1937
Education											
1. Grants to Schools											
(a) Primary Schools	\$350,807.95	639,812.08	888,063.41	2,355,428.19	2,350,402.27	2,641,859.98	1,614,827.81	1,462,836.63	1,439,594.54	1,927,048.96	1,667,816.24
(b) Secondary Schools											
(1) Collegiate Institutes and High Schools	16,355.65	31,885.00	52,899.50	212,289.44	165,483.60	226,126.41	123,990.10	78,601.67	128,133.80	160,073.50	127,717.09
(2) Technical Schools, etc.			9,142.17	27,184.36	57,284.75	80,536.00	103,923.12	42,925.31	69,846.76	90,077.98	69,468.59
Total Secondary Schools	\$ 16,355.65	31,885.00	62,041.67	239,473.80	222,768.35	306,662.41	227,913.22	121,526.98	197,980.56	250,151.48	197,185.68
(c) Other Grants to Schools											
(1) Education Institutions under Supplementary Revenue Act			492,577.32								
(2) Manual Training and Domestic Science		1,800.00									
Total Grants to Schools	\$367,163.60	673,497.08	492,577.32	2,594,901.99	2,573,170.62	2,948,522.39	1,842,741.03	1,584,363.61	1,637,575.10	2,177,200.44	1,865,001.92
Less (c) (1)			1,442,682.40	2,594,901.99	2,573,170.62	2,948,522.39	1,842,741.03	1,584,363.61	1,637,575.10	2,177,200.44	1,865,001.92
2. Inspection of Schools	30,260.41	77,771.62	197,121.25	200,432.52	229,308.51	180,204.17	154,997.24	150,809.96	163,333.41	137,558.50	145,150.32
3. Examinations	11,014.88	43,502.91	39,247.44	70,226.10	112,908.83	87,249.40	45,554.40	48,437.64	51,241.45	49,324.04	55,186.52
4. School Readers	7,370.73	16,122.07	37,754.56	58,898.74	50,365.89	53,103.30	19,188.71	11,407.90	87,823.88	29,959.13	32,386.11
5. Normal & Other Teacher Training Schools—											
(a) Salaries	8,858.32	23,340.99	39,240.00	59,623.76	123,357.99	101,700.81	66,916.80	57,266.63	63,509.28	61,521.23	63,317.50
(b) Maintenance	1,913.49	9,963.50	22,402.23	20,062.52	28,839.97	30,632.49	24,069.89	24,113.72	26,042.57	25,458.54	28,949.16
(c) General Expenses	6,802.19	10,191.35	17,693.56	17,045.09	21,650.42	14,874.28	6,672.70	6,564.83	4,302.67	5,322.92	4,460.23
Total Normal & Teacher Training School	\$ 17,574.00	43,495.84	79,333.79	96,731.37	173,848.38	147,207.58	97,659.39	87,945.18	93,854.52	92,302.69	96,726.89
6. Education of Deaf and Blind—											
(a) In Schools of the Province											
(b) Schools in Other Provinces	10,106.62	4,956.40	27,530.05	45,511.07	60,303.14	21,418.95	26,961.45	24,849.20	27,587.55	25,322.25	25,723.29
Total Education of Deaf and Blind	\$ 10,106.62	4,956.40	27,530.05	45,511.07	60,303.14	53,975.36	37,882.21	32,504.96	33,698.95	30,239.45	31,392.14

Education Continued

7. Universities, Grants and other payments	45,335.53	120,650.42	483,107.40	609,141.17	674,446.57	593,357.40	513,137.60	397,437.78	400,000.00	426,999.97	455,000.00
8. Grants to Libraries	439.40	1,578.86	1,993.55	2,670.52	3,722.94	2,478.39	2,987.18	2,533.23	2,390.98	2,593.90	2,971.34
9. Other Miscellaneous Education											
(a) Education of Soldiers' Dependent Children	—	—	664.00	38,174.40	63,363.23	62,782.00	38,189.92	37,171.24	44,276.78	58,361.34	67,171.12
(b) Government Correspondence School	—	—	—	—	38,696.65	55,166.09	51,459.00	44,514.44	41,701.70	37,536.95	42,867.85
(c) Teachers' Superannuation Commission	—	—	—	—	10,198.34	9,013.10	7,825.22	9,053.38	8,921.73	7,458.56	7,195.74
(d) School Health Supervision	—	—	25,497.33	28,099.13	—	—	—	—	98,928.86	21,645.00	69,520.00
(e) Loans to School Districts	—	—	49,911.46	—	—	—	—	—	—	—	—
(f) Assistance in Construction of Technical Schools	—	—	—	—	244,073.12	119,816.12	—	3,438.42	6,750.00	2,324.10	—
(g) Sundry Expenditures	592.61	8,030.44	20,747.65	18,592.40	17,842.02	13,815.60	5,247.07	5,317.03	4,488.38	4,878.51	5,131.16
Total Education	\$489,857.78	989,405.64	1,913,015.36	3,763,379.61	4,252,239.24	4,326,690.90	2,816,868.97	2,414,634.77	2,674,985.74	3,078,382.58	2,875,701.11

Legal and Judicial Administration

1. Courts and Court Officials (Judges, Sheriffs, Police Magistrates, Crown Prosecutions)	\$ 65,897.78	258,678.89	148,345.50	136,118.14	350,820.89	315,756.26	239,103.17	233,162.95	214,439.40	206,485.27	217,283.40
(a) Salaries	19,652.63	34,481.07	53,237.91	62,293.34	65,654.57	53,144.49	42,845.07	42,154.20	40,718.65	45,718.86	46,409.62
(b) Maintenance	21,790.54	194,763.84 (4)	23,435.04	21,360.99	30,868.25	43,115.98	24,774.63	21,168.79	22,395.98	17,729.38	20,900.98
(c) Other Expenses of Courts, etc.	\$107,340.95	487,923.80	235,018.25	219,772.47	447,343.71	412,016.73	306,728.87	296,485.94	277,554.03	269,933.51	284,594.00
Total Courts and Court Officials.	75,000.00	18,750.00	299,686.90	306,539.38	175,030.00	182,849.72	177,310.35	177,885.90	178,234.97	178,566.65	178,840.21
2. Policing	80,448.40	167,060.96	412,755.92	327,886.14	309,588.76	308,024.55	251,847.95	253,726.70	243,787.13	236,417.30	247,879.48
3. Gaols (salaries, maintenance and transportation of prisoners)	112,777.62	213,920.43	306,041.12	260,782.33	245,435.98	234,634.14	204,096.54	195,095.58	177,248.92	151,892.28	152,685.74
4. Land Titles Offices—	26,448.84	23,304.27	41,544.23	30,382.26	21,826.29	14,134.71	9,238.23	9,470.63	11,350.24	12,434.65	15,446.36
(a) Salaries	6,971.47	17,411.26	24,778.99	22,421.49	21,683.63	17,629.62	14,181.30	14,444.15	16,605.01	16,121.56	17,280.02
(b) General Expenses	—	—	—	—	—	—	—	—	—	—	—
(c) Maintenance	\$146,197.93	254,635.96	372,364.34	313,586.08	288,915.90	266,398.47	227,516.07	219,010.36	205,204.17	180,448.49	185,362.12
Total Land Titles Offices.....	22,084.01	71,531.68	98,950.53	73,482.33	131,639.06	130,611.61	74,025.12	64,060.83	56,630.86	48,322.13	50,923.03
5. Miscellaneous (Coroners' Inquests, Jurors, Juries, Witnesses, etc.)	\$431,071.29	999,902.40	1,418,755.94	1,241,216.40	1,352,487.43	1,299,900.88	1,037,428.36	1,011,169.73	961,411.16	913,688.08	947,598.87
Total Legal and Judicial Administration											

(4) Increase in expenditure is due mainly to item of fees paid by Sheriffs to Registrars of Land Titles Offices, Bailiffs and Process Servers.

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

STATEMENT NO. 14

Detailed Comparative Statement of Expenditure on Income Account Showing Nature of Expenditure for Fiscal Years Ended as Indicated (Continued)

	Feb. 28 1911	April 30 1916	April 30 1921	April 30 1926	April 30 1931	April 30 1932	April 30 1933	April 30 1934	April 30 1935	April 30 1936	April 30 1937
Transportation and Communications											
1. Highways and Roads											
(a) Maintenance of, by Government											
(1) Paved Roads											
(2) Improved Gravel or Earth Roads	184,137.63	51,977.71	656,350.21	760,013.12	1,325,088.52	555,860.28	454,869.34	544,293.79	546,116.95	570,002.77	705,930.14
(3) General	51,330.42				405,008.44	83,090.47	12,407.15	6,660.75	7,805.26	9,011.92	8,224.73
(4) Administration of Relief Road Work		10,959.17 (5)						25,829.03	60,759.77	55,940.85	
Total Highways and Roads	\$235,468.05	62,936.88	656,350.21	760,013.12	1,730,096.96	638,950.75	467,276.49	576,783.57	614,681.98	634,955.54	714,204.87
2. Bridges and Culverts	\$ 99,002.15	87,974.21	175,927.83	118,973.98	111,707.19	113,947.27	24,134.47	26,830.91	30,329.42	33,281.98	72,393.44
3. Ferries	31,157.90	89,930.30	145,989.91	136,471.45	153,633.42	119,147.34	74,982.46	80,254.58	91,097.88	78,500.01	89,430.53
4. Telephones		28,083.61	34,907.47	18,368.73							
5. Power Plants					73,600.00	64,200.00	54,765.00	48,500.00	46,799.94	42,000.00	42,000.00
6. Other Transportation and Communications											
(a) Surveys	53,064.31	50,272.19	53,735.97	21,786.11	32,137.96	34,241.52	28,923.95	21,552.90	19,259.89	18,427.98	17,057.93
(b) Water Supply	21,784.98	3,218.08	20,801.25	856.52	127.79						
(c) Fireguards	3,315.66	2,452.85	323.20								
(d) Tools, Implements & Warehouse	1,667.21										
Total Transportation & Communications	\$445,460.26	324,868.12	1,088,035.84	1,056,469.91	2,101,303.32	970,486.88	650,132.37	753,921.96	802,169.11	807,165.51	935,086.82
Less Telephones		28,083.61	34,907.47	18,368.73							
	\$445,460.26	296,784.51	1,053,128.37	1,038,101.18	2,101,303.32	970,486.88	650,132.37	753,921.96	802,169.11	807,165.51	935,086.82
Public Welfare											
1. Public Health											
(a) Boards of Health										760.17	5,760.02
(b) Clinics (Sask. Cancer Commission)										35,381.43	45,984.44
(c) Grants to Health Associations				1,700.00	4,416.50	11,379.33	20,935.80	26,552.83	32,687.64	17,282.39	19,383.60
(d) Bacteriological Laboratory	6,258.90	8,040.88	18,204.55	16,760.40	20,403.32	17,963.09	17,482.80	16,962.32	18,714.88	88,955.29	95,031.65
(e) Communicable Diseases Control	(6)	(6)	25,433.40 (6)	98,811.99	132,570.91	100,314.13	102,549.98	95,554.28	98,486.17	15,203.31	25,480.79
(f) Other Health											
(1) Distribution of Antitoxins, Vaccines, etc.			4,190.85	7,752.00	16,039.50	14,381.25	10,419.75	11,679.05	16,617.20	157,282.59	191,640.50
(2) Public Health Unit					8,866.72	7,408.15					
Total Public Health	\$ 6,258.90	8,040.88	47,828.80	125,024.39	182,296.95	151,445.95	151,388.33	150,748.48	166,505.89	157,282.59	191,640.50

2. Public Institutions—

(a) Mental Institutions	107,057.77	201,889.23	483,499.53	648,350.70	911,075.38	812,025.05	773,862.86	796,041.95	880,969.43	880,999.02	1,057,798.57
(b) T. B. Sanatoria	—	—	120,034.50	154,112.00	281,380.00	293,381.00	283,904.00	285,529.00	284,098.00	276,520.00	282,113.00
(c) Industrial School for Boys	—	9,333.09	42,011.53	35,720.01	48,214.57	33,170.16	29,512.10	23,500.14	25,827.48	26,020.61	31,735.92
(d) Orphanages, Children's Homes	—	—	—	928.68	4,436.97	3,981.40	—	—	—	—	3,300.00
(e) Homes, for Incurables and Infirmary	—	—	—	—	—	—	—	—	—	—	—
(f) Salvation Army	—	—	34,229.95	34,685.79	34,969.63	31,443.79	29,306.28	28,648.58	29,953.59	28,736.88	31,952.37
(g) Juvenile Courts (Salary and Travelling Expenses)	—	—	2,400.00	—	2,800.00	2,700.00	2,400.00	2,400.00	2,400.00	2,400.00	2,400.00
(h) School for Deaf	—	1,867.69	4,009.90	3,976.80	3,873.35	3,485.00	3,047.05	2,829.37	2,548.79	1,947.05	2,125.35
.....	—	11,098.72	—	—	—	20,389.26	28,111.54	26,150.85	27,502.22	26,096.73	28,578.08
Total Public Institutions	\$107,057.77	224,188.73	686,185.41	877,773.98	1,286,749.90	1,200,580.66	1,150,143.83	1,165,099.89	1,253,299.51	1,242,720.29	1,440,003.29
3. Hospitals—Grants to,	\$ 45,974.00	119,999.50	214,809.50	234,365.50	353,015.50	325,609.00	310,632.00	319,719.50	362,628.00	383,224.00	416,411.50
4. Child Welfare & Maternity Grants	4,631.38	23,795.29	54,888.90	82,188.91	177,792.30	150,565.53	88,764.22	75,098.79	76,485.98	120,285.61	141,504.65
5. Old Age Pensions (Gross)	—	—	—	—	1,389,005.89	1,777,643.42	1,842,235.52	1,882,179.82	2,056,175.20	2,253,858.17	2,422,146.47
6. Unemployment Relief	—	—	19,526.06	—	101,255.71	—	—	—	—	—	—
7. Mothers' Allowances	—	—	103,210.00	301,280.00	524,970.00	502,435.00	403,036.00	416,808.35	455,462.33	474,554.25	482,888.45
8. Relief of Destitutes	5,361.52	13,612.03	25,939.30	27,988.26	24,370.58	17,664.68	13,311.38	12,876.54	12,713.25	6,264.40	10,984.00
9. Labour—	—	—	—	—	—	—	—	—	—	—	—
(a) Employment Bureaus	1,925.89	1,996.23	71,254.00	56,140.97	65,687.78	56,756.42	48,630.41	48,493.17	44,488.56	40,148.22	40,034.02
(b) Admin. of Steam Boilers Act	18,989.72	38,414.34	41,046.74	37,116.97	51,902.69	30,631.35	30,414.53	25,830.37	20,144.92	17,867.02	17,928.50
(c) Inspection of Factories, Coal Mines, etc.	1,859.48	3,732.66	7,511.91	10,227.90	(7)	(7)	(7)	(7)	1,496.64	3,942.44	2,749.92
(d) Minimum Wage Act	—	—	—	—	—	1,389.70	516.05	1,436.28	2,257.12	3,931.24	3,008.05
(e) Industrial Surveys	—	731.57	8,853.77	9,692.16	10,494.96	6,560.23	4,032.71	7,657.69	6,446.74	—	—
Total Labour	\$ 22,775.09	44,841.80	128,666.42	113,178.00	128,085.43	95,337.70	83,593.70	83,417.51	74,833.98	65,888.92	63,770.49
Total Public Welfare	\$192,058.66	434,511.23	1,281,054.39	1,761,799.04	4,167,542.26	4,221,281.94	4,043,104.98	4,105,948.88	4,458,104.14	4,704,378.23	5,169,329.35

(5) Actual relief road work—no administration costs included.

(6) For the years 1911, 1916 and 1921 Public Health Nursing, Sanitation and Disease Prevention was not set out separately in Public Accounts. Therefore, it was necessary to include this item in administration of the Department of Public Health.

(7) Inspection of Factories, etc., is included in 9 (b).

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

STATEMENT NO. 14

Detailed Comparative Statement of Expenditure on Income Account Showing Nature of Expenditure for Fiscal Years Ended as Indicated (Continued)

	Feb. 28 1911	April 30 1916	April 30 1921	April 30 1926	April 30 1931	April 30 1932	April 30 1933	April 30 1934	April 30 1935	April 30 1936	April 30 1937
Agriculture and Public Domain (10)											
1. Agriculture, Drainage and Irrigation—											
(a) Weed Research Stations	—	—	—	—	24,617.17	13,663.17	10,047.54	9,311.06	7,616.20	5,412.80	5,746.30
(b) Grants to Societies, Farmers' Clubs	53,783.02	53,654.84	84,606.93	103,456.16	131,476.14	86,113.54	30,515.59	26,063.04	30,684.57	18,695.27	21,424.81
(c) Livestock and Poultry	13,915.56	25,788.21	38,944.90	43,548.90	103,367.23	75,987.22	54,658.27	56,422.02	65,672.02	42,755.98	46,436.41
(d) Dairying	139,035.94	86,959.13	19,772.89	34,439.93	67,735.57	60,177.10	53,037.76	56,632.99	47,140.09	44,264.05	43,242.91
(e) Field Crops	3,579.00	11,456.85	442,950.02(8)	44,145.29	92,245.65	66,383.33	45,336.80	57,305.00	31,410.20	11,887.18	18,656.71
(f) Exhibitions	—	8,000.00	4,000.06	21,896.00	30,255.10	29,673.93	10,000.00	5,000.00	5,000.00	19,000.00	16,000.00
(g) Drainage	9,692.63	1,678.60	2,868.07	5,387.60	12,568.15	4,693.13	3,612.36	3,596.36	5,639.64	5,262.56	3,492.62
(h) All other Agriculture—											
(1) Statistics	13,250.51	26,635.82	17,192.63	14,264.75	22,449.85	10,123.41	7,761.57	8,374.39	5,802.29	6,637.07	8,110.04
(2) Co-operation & Markets	—	—	11,238.57	16,217.56	19,793.30	14,414.67	6,007.04	7,196.80	7,703.48	7,382.33	8,729.17
(3) Apiary Inspection	—	—	—	—	3,790.80	7,900.63	5,915.66	6,454.11	5,927.66	6,422.55	5,351.44
(4) Land Utilization Board	—	—	—	—	—	—	—	—	—	2,617.43	2,564.95
(5) Agr'c. Representative Service	—	—	147,121.05(9)	2,283.25	—	—	—	—	—	7,285.65	13,509.59
(6) Fodder	—	—	—	—	697.31	—	—	—	—	—	—
(7) Moving Livestock & Settlers' Effects	—	—	—	975.25	640.95	—	—	—	—	—	—
(8) Agricultural Aids Act	—	13,331.70	—	—	—	—	—	—	—	—	—
Total Agriculture, Drainage, etc.....	\$233,256.66	227,515.15	768,695.06	286,664.69	514,637.22	369,130.13	226,892.56	236,355.77	212,596.15	177,622.87	196,264.98
Less Agriculture Aids Act	—	13,331.70	—	—	—	—	—	—	—	—	—
	\$233,256.66	214,183.45	768,695.06	286,664.69	514,637.22	369,130.13	226,892.56	236,355.77	212,596.15	177,622.87	196,264.98
2. Lands											
(a) Lands Office	—	—	—	—	73,368.59	—	—	16,846.65	18,078.50	19,377.90	75,917.22
(b) Grazing Office	—	—	—	—	—	—	—	10,572.47	6,248.02	9,956.20	10,081.73
(c) School Lands Administration	—	—	—	—	—	23,785.36	3,038.87	26,313.88	28,248.72	36,370.90	44,179.58
Total Lands	\$ —	—	—	—	73,368.59	23,785.36	3,038.87	53,733.00	52,575.24	65,705.00	130,178.53

3. Forests—

(a) Forestry Office	—	—	—	—	—	—	—	—	12,704.34	11,426.62	11,219.21	90,072.39
(b) Fire Protection	—	—	—	—	—	—	—	—	78,475.32	45,176.18	54,337.28	154,305.19
(c) Surveys	—	—	—	—	—	—	—	—	1,244.38	375.89	14,576.18	13,180.70
Total Forests	\$ —	—	—	—	—	—	—	—	92,424.04	56,978.69	80,132.67	257,558.28
4. Parks	—	—	—	—	—	—	—	—	—	—	—	—
5. Technical Services	—	—	—	—	—	—	—	—	9,569.64	8,839.67	9,082.85	6,415.81
6. Mines—	—	—	—	—	—	—	—	—	17,419.78	16,062.02	9,870.07	10,766.36
(a) Mines & Mineral Development	—	—	—	—	—	—	—	—	9,797.05	13,445.63	14,561.80	14,850.87
(b) Coal Administrator's Office....	—	—	—	—	—	—	—	—	—	—	17,816.47	17,643.02
Total Mines	\$ —	—	—	—	—	—	—	—	9,797.05	13,445.63	32,378.27	32,493.89
7. Game and Fish—	—	—	—	—	—	—	—	—	—	—	—	—
(a) Fisheries	—	—	—	—	—	—	—	—	8,972.60	9,290.73	9,730.42	31,767.66
(b) Game Protection & Museum	5,149.63	14,719.45	22,687.86	—	—	—	—	138,651.27(11)	24,563.94	24,546.06	26,733.93	59,634.84
Total Game and Fish	\$ 5,149.63	14,719.45	22,687.86	—	—	—	—	211,128.49	75,794.70	33,836.79	36,464.35	91,452.50
8. Other Public Domain—	—	—	—	—	—	—	—	—	—	—	—	—
(a) Air Services	—	—	—	—	—	—	—	—	—	—	—	—
(b) Field Officers	—	—	—	—	—	—	—	—	—	—	—	—
(c) Prince Albert District	—	—	—	—	—	—	—	—	30,485.39	17,413.28	17,039.71	—
(d) Hudsons' Bay Junction Dist.	—	—	—	—	—	—	—	—	58,903.40	25,621.02	40,484.72	—
(e) Meadow Lake District	—	—	—	—	—	—	—	—	31,110.00	56,663.24	63,150.65	—
(f) Moose Jaw District	—	—	—	—	—	—	—	—	27,699.60	33,924.14	33,978.39	—
(g) Property Maintenance & Improvement	—	—	—	—	—	—	—	—	25.09	28,253.39	31,417.22	—
(h) Research Council	—	—	—	—	—	—	—	—	18,211.00	7,736.96	—	—
(i) Grant-Can. Forestry Ass'n....	—	—	—	—	—	—	—	1,085.14	1,500.00	625.00	—	—
(j) Unforeseen & Unprovided for	—	—	—	—	—	—	—	—	—	—	—	1,000.00
Total Agriculture and Public Domain	\$238,406.29	228,902.90	791,382.92	328,613.16	806,658.73	753,710.75	532,769.51	534,861.43	17,084.62	25,269.90	3,293.62	662.53
										589,841.12	630,620.39	726,792.88

(8) Increase in expenditure is due to amounts expended on advancement of Methods for Control of Noxious Plants and Insects.

(9) This amount represents the reimbursement to the Dominion Live Stock Branch of 33 1/3 per cent transportation charges on fodder to, and haying outfits from Drought Stricken Areas in Saskatchewan.

(10) Due to the fact that the Department of Natural Resources is a comparatively new Department, there have been numerous changes in expenditure classification from year to year thus making it impossible to present these figures on a readily comparable basis

(11) Includes Forests also.

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

STATEMENT No. 14

Detailed Comparative Statement of Expenditure on Income Account Showing Nature of Expenditure for Fiscal Years Ended as Indicated (Continued)

	Feb. 28 1911	April 30 1916	April 30 1921	April 30 1926	April 30 1931	April 30 1932	April 30 1933	April 30 1934	April 30 1935	April 30 1936	April 30 1937
Other: Ordinary Expenditure											
1. Refunds and Remissions	\$ 1,672.98	3,602.69	10,495.83	15,443.57	44,283.28	9,669.08	12,479.27	10,217.56	20,680.45	7,406.72	11,619.64
2. Payments to Municipalities											
(a) Commissions on Wild Lands, Public Revenue & Supp. Rev- enue Tax	—	—	112,678.22	139,825.02	54,203.92	42,865.46	56,273.85	57,044.79	61,048.39	64,335.71	65,371.77
3. Miscellaneous											
(a) Int. on Drainage Dist. Debs.	—	—	2,896.54	2,007.25	6,959.33	15,078.88	16,842.12	13,701.48	17,584.17	22,751.05	16,914.13
(b) Treasury Bills paid out of Revenue account	—	—	—	—	—	645.05	—	—	—	10,777.41	—
(c) Commissions, Royal and Oth- erwise	11,895.66	7,811.02	6,820.73	9,908.43	75,496.95	—	2,701.78	—	3,499.93	46,461.18	8,662.26
(d) Debt Survey Committee	—	—	—	—	—	3,785.61	—	—	6,008.79	4,321.00	—
(e) Freight Rates Office	—	—	—	—	4,505.46	—	—	—	—	—	—
(f) Relief in L.I.D.s	—	—	—	—	31,699.12	125,091.04	3,088.00	17,403.41	18,699.85	9,714.39	25,306.51
(g) Treasury Miscellaneous	13,718.83	12,084.99	92,678.44	6,688.67	—	—	—	—	—	—	—
Total Other Ordinary Expenditure..	\$ 27,287.47	23,498.70	225,569.76	173,872.94	217,148.11	197,135.12	91,385.02	98,367.24	127,521.58	165,767.46	127,874.31
Grand Total	\$2,394,218.89	4,844,600.54	10,732,682.33	12,743,421.61	18,690,393.88	18,943,380.90	16,756,421.11	16,997,425.72	17,877,171.80	18,665,273.68	19,393,190.40

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

STATEMENT No. 15
(Page 1)

RECONCILIATION OF SURPLUS OR DEFICIT ON INCOME ACCOUNT WITH YEARLY REVENUES AND EXPENDITURES For the Fiscal Years 1926-27 to 1936-37

PARTICULARS	1926-27	1927-28	1928-29	1929-30	1930-31	1931-32	1932-33	1933-34	1934-35	1935-36	1936-37	TOTAL
REVENUE												
Revenue as per Public Accounts	\$12,562,656.11	12,970,436.19	15,462,532.21	16,561,526.61	14,346,009.61	11,902,646.59	14,834,887.95	14,252,766.20	13,686,733.67	16,124,689.00	16,526,393.36	159,231,277.50
Old Age Pension Refunds	—	—	194,361.07	484,716.59	487,717.26	1,220,444.51	1,342,896.29	1,350,666.75	1,481,256.86	1,610,610.42	1,738,630.95	9,911,300.70
Deferred Charges Receipts	47,406.58	61,990.20	12,536.02	33,969.23	259,322.52	418,605.69	31,548.35	828.35	7,262.80	6,715.97	19,877.20	900,062.91
Liquor Profits Receipts	1,511,537.12	1,599,501.62	1,479,598.99	1,190,283.72	151,624.56	—	—	—	—	—	—	3,551,978.57
Surplus Agricultural Aids Account	13,558.79	11,228.52	—	—	—	—	365.79	978.54	6,948.53	312.42	1,215.63	34,606.22
Superannuation Account Receipts	—	81,686.35	99,834.77	78,277.62	100,239.01	131,460.20	119,720.83	113,846.65	106,320.46	96,553.03	115,811.15	1,043,750.07
Profits on Advance Accounts (Working Funds)	—	—	—	2,673.48	10,165.65	3,379.25	—	—	4,343.94	6,503.90	—	27,066.22
Total Adjusted Revenue	\$14,135,158.60	14,724,840.88	17,248,863.03	15,970,879.81	15,355,078.61	13,676,536.24	16,929,419.21	15,719,086.49	15,292,866.26	17,845,384.74	18,401,928.29	174,700,042.19
EXPENDITURE												
Expenditure as per Public Accounts	\$12,465,166.27	12,925,094.92	15,362,866.79	17,079,704.33	18,202,676.62	17,722,986.39	15,413,594.82	15,646,758.97	16,395,914.94	17,054,663.26	17,654,559.45	175,923,866.71
Old Age Pensions Refunds	—	—	194,361.07	484,716.59	487,717.26	1,220,444.51	1,342,896.29	1,350,666.75	1,481,256.86	1,610,610.42	1,738,630.95	9,911,300.70
Less Capital Payments out of Revenue	\$12,465,166.27	12,925,094.92	15,557,227.86	17,564,420.92	18,690,398.88	18,943,380.90	16,756,421.11	16,997,425.72	17,877,171.80	18,665,273.68	19,393,190.40	185,835,167.41
	10.74	—	—	234.65	—	645.05	—	—	—	10,777.41	—	11,667.85
Loss on Advance Accounts (Working Funds)	\$12,465,155.53	12,925,094.92	15,557,227.86	17,564,186.27	18,690,398.88	18,942,735.85	16,756,421.11	16,997,425.72	17,877,171.80	18,654,496.27	19,393,190.40	185,823,499.61
Deferred Charges as per Schedule	2,885.91	791.93	5,125.87	—	—	—	4,376.52	4,027.89	—	—	—	17,208.12
Deficit on Agricultural Aids Account	88,984.81	710,610.48	182,086.57	899,021.84	1,631,839.51	—	368,897.49	130,554.46	67.29	25,038.35	10.00	4,031,060.80
Wheat Board	—	—	10,645.54	28,026.20	333,816.73	26,149.91	—	—	—	—	—	398,638.33
Liquor Profits Transfers to Sinking Fund	284,200.00	—	—	—	—	—	—	—	—	—	—	284,200.00
Exchange Charges	—	719,950.16	302,959.89	584,387.72	151,624.56	—	—	—	—	—	—	1,758,922.33
Superannuation Account Expenditures	—	—	—	—	—	534,934.12	219,965.00	—	—	10,000.00	—	764,899.12
Capitalized Interest Charges	—	29,682.28	60,679.00	72,822.49	111,598.15	144,596.20	159,609.05	175,387.72	238,111.62	225,775.69	242,201.73	1,460,463.93
Total Adjusted Expenditure	\$12,841,226.25	14,386,129.77	16,118,674.73	19,142,444.52	20,919,272.83	19,648,416.08	\$17,509,269.17	17,307,355.79	18,273,018.51	18,915,310.31	19,635,402.13	194,696,590.19
Surplus* or Deficit on Revenue Account	\$ 1,293,932.35*	338,711.11*	1,130,188.33*	3,171,564.71	5,564,194.22	5,971,879.84	1,179,849.96	1,588,309.30	2,980,152.25	1,069,925.57	1,233,473.84	19,896,517.90

STATEMENT No. 15
(Page 2)

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

SUMMARY OF EXPENDITURE ON DEFERRED CHARGES
For the Fiscal Years Ended April 30, 1927 to 1937

PARTICULARS	1926-27	1927-28	1928-29	1929-30	1930-31	1931-32	1932-33	1933-34	1934-35	1935-36	1936-37	Total
GUARANTEES IMPLEMENTED												
Municipalities Relief Act 1920	\$ 27,720.61	25,210.33	67,375.33	13,040.05	21,182.58	—	—	—	—	—	—	154,528.95
Seed Grain Advances Act 1920	11,253.49	22,070.35	9,489.19	5,944.29	1,799.53	—	3,526.54	—	—	—	—	54,083.39
Local Improvements Act	9,903.44	12,224.62	—	6,088.02	—	—	—	—	—	—	—	28,216.08
Seed Grain Advances Act 1930 & 31	—	—	—	—	—	—	7,072.81	4,005.31	—	—	—	11,078.12
EXTRAORDINARY EXPENDITURES												
Drainage	25,423.63	23,213.88	28,750.14	—	—	—	—	—	—	—	—	77,397.65
Advances to Sask. Livestock Marketing Association Ltd.	12,500.00	12,500.00	—	—	—	—	—	—	—	—	—	25,000.00
Loans to Rural School Districts	533.34	—	—	—	4,015.63	—	—	—	—	—	—	4,548.97
Special Surveys	1,645.30	—	—	—	—	—	—	—	—	—	—	1,645.30
Repayment of Guarantee A/c	—	—	—	—	—	—	—	—	—	—	—	—
Sask. Co-operative Creameries	—	615,386.30	—	—	—	—	—	—	—	—	—	615,386.30
Royal Grain Inquiry Commission	—	—	47,370.73	—	—	—	—	—	—	—	—	47,370.73
Saskatchewan Co-operative	—	—	—	—	—	—	—	—	—	—	—	—
Poultry Producers	—	—	6,000.00	—	—	—	—	—	—	—	—	6,000.00
Workmen's Compensation Commission	—	—	23,051.13	—	—	—	—	—	—	—	—	23,051.13
Relief to Farmers—Roadwork	—	—	—	—	—	—	—	—	—	—	—	—
Relief to Farmers in L.I.D.'s	—	—	—	311,813.66	138,639.69	—	—	—	—	—	—	450,453.35
Advances to Farmers in L.I.D.'s	—	—	—	27,413.41	92,733.26	—	—	—	—	—	—	120,146.67
Advances to Saskatchewan Co-operative Creameries	—	—	—	59,561.68	21,990.66	—	—	—	—	—	—	81,552.34
Unemployment Relief	—	—	—	159,300.00	—	—	84,211.14	15,957.46	—	—	—	259,368.60
Purchase of Seed Oats	—	—	—	30,000.00	753,912.80	—	—	—	—	—	—	783,912.80
Freight on Fodder	—	—	—	134,235.37	36,278.51	—	—	—	—	—	—	170,513.88
Fodder in Drought Areas	—	—	—	145,725.36	251,708.75	—	—	—	—	—	—	397,434.11
Transfer of Settlers' Effects	—	—	—	—	240,802.18	—	—	—	—	—	—	240,802.18
Advances to Indigent Farmers	—	—	—	—	3,494.28	—	—	—	—	—	—	3,494.28
Discharge of Commitments	—	—	—	—	8,512.01	—	—	—	—	—	—	8,512.01
Grant to Red Cross	—	—	—	—	1,769.63	—	—	—	—	—	—	1,769.63
Exchange Charges	—	—	—	—	55,000.00	—	—	—	—	—	—	55,000.00
Current Miscellaneous Expenditures	—	—	—	—	—	—	274,087.00	110,591.69	—	25,023.45	10.00	409,702.14
									67.29	14.90		92.19
Total	\$ 88,984.81	710,610.48	182,086.57	893,021.84	1,631,839.51	—	368,897.49	130,554.46	67.29	25,038.35	10.00	4,031,060.80

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN Comparative Summary of Yearly Increases in Public Debt May 1, 1926 to April 30, 1937

STATEMENT NO. 16

Fiscal Years Ended April 30th	Surplus* or Deficit on Income Account (Adjusted Basis)	Net Capital Expenditure	Net Expenditure on Relief Account (2)	Total Deficit	Net Discount on Sale of Debentures	Debentures Redeemed from Sinking Fund	Sinking Funds Increase or Decrease*	Miscellaneous Net Receipts* or Payments (1)	Yearly Increase in Public Debt
1926-27	\$1,293,932.35*	\$ 2,419,695.33		\$ 1,125,762.98	\$ 284,837.97	\$1,317,006.73	\$ 599,273.50*	\$ 278.33*	\$ 692,625.39
1927-28	338,711.11*	2,863,304.52		2,524,593.41	214,123.90	1,250,000.00	165,520.69	933.61	1,324,130.23
1928-29	1,130,188.33*	4,387,337.39		3,257,149.06	1,324.00		676,272.66	2,080.19*	2,580,120.21
1929-30	3,171,564.71	9,743,221.78		12,914,786.49	392,669.45		1,450,908.92	150,395.54*	11,706,151.48
1930-31	5,564,194.22	15,679,735.03		21,243,929.25	232,948.46		705,254.42	602,244.72*	20,169,378.57
1931-32	5,971,879.84	18,662,086.75	10,419,978.40	35,053,944.99	682,066.56	100,592.66	435,785.71	315,687.19*	34,883,945.99
1932-33	1,179,849.96	688,296.70	7,262,027.18	9,130,173.84	423,646.46		811,870.13	743,256.14	9,485,206.31
1933-34	1,588,309.30	1,348,072.36	6,660,699.83	9,597,081.49	449,973.31		1,226,085.91	297,683.13	9,118,652.02
1934-35	2,980,152.25	307,333.83	18,240,792.87	21,528,278.95	1,350,566.03		1,018,658.83	13,441.81*	21,846,744.34
1935-36	1,069,925.57	1,693,262.15	15,098,302.96	17,861,490.68	1,167,742.51	2,000.00	1,135,429.58	7,223.41*	17,884,580.20
1936-37	1,233,473.84	508,413.43	6,993,508.78	8,735,396.05	32,972.53		1,829,452.96	100.47*	6,938,815.15
Totals	\$19,996,517.90	\$58,300,759.27	\$64,675,310.02	\$142,972,587.19	\$5,232,907.18	\$2,669,599.39	\$8,855,966.31	\$49,578.78	\$136,630,349.89

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(1) Miscellaneous Receipts and Payments Loans from Boards and Utilities.

(2) Net Relief Expenditures, Relief Account	\$64,675,310.02
Net Relief Expenditures included in Deferred Charges and Income Account Sept. 1, 1929 to April 30, 1937	2,002,946.37
Net Relief Expenditures included in Capital Account Sept. 1, 1929 to April 30, 1937	3,883,986.12

Total Net Relief Expenditures Sept. 1, 1929 to April 30, 1937 \$70,562,242.51

Comparative Statement of Public Debt As at April 30th, 1926 and April 30th, 1937

	April 30 1926	April 30 1937	Increase
Debentures and Stock Treasury Bills	\$53,614,176.29	\$124,043,319.56	\$ 70,429,143.27
	3,691,239.69	75,758,531.55	72,067,291.86
Less Sinking Funds	\$57,305,415.98	\$199,801,851.11	\$142,496,435.13
	2,558,677.80	11,414,644.11	8,855,966.31
Less Bank Balances or Plus Overdraft	\$54,746,738.18	\$188,387,207.00	\$133,640,468.82
	1,546,468.60	1,443,412.47	2,989,881.07
Net Public Debt (exclusive of miscellaneous accounts payable)	\$53,200,269.58	\$189,830,619.47	\$136,630,349.89

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

APPENDIX B***Municipal Finance***

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GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

EXPENDITURES OF MUNICIPALITIES
(Exclusive of Utilities)

RURAL MUNICIPALITIES

STATEMENT NO. 1

SCHEDULE A

	Adminis- tration	Bank Interest	Protection of Person and Property	Maintenance Public Works	New con- struction of Roads, Bridges, Bldgs. etc.	Public Health and Sanitation	Medical Services, Charities and Re- creation	Debt Charges Principal and Interest	Total Expend- iture met by current Income	Expend- iture from Proceeds of Debentures
1922	\$1,114,464	\$484,474	\$376,316	\$1,943,093	\$ 924,900	\$36,151	\$ 366,124	\$170,425	\$5,422,947	\$ —
1923	1,156,927	393,134	291,469	1,955,967	1,187,154	42,758	373,805	167,477	5,573,691	26,000
1924	1,103,746	341,395	213,131	1,827,495	1,530,340	49,400	400,104	159,205	5,624,816	2,600
1925	1,081,524	265,294	212,058	1,860,618	1,561,053	42,597	469,632	157,356	5,650,189	18,500
1926	1,076,165	185,456	228,033	1,897,434	1,998,371	53,541	517,410	144,596	6,101,008	2,000
1927	1,078,437	176,850	240,812	2,253,264	2,154,419	50,841	599,819	139,673	6,693,116	11,500
1928	1,097,453	181,458	257,272	2,452,050	2,733,212	49,595	591,685	126,077	7,488,805	16,364
1929	1,141,764	216,027	316,208	2,455,355	2,757,912	71,701	904,611	113,592	7,977,074	41,886
1930	1,185,941	390,344	363,014	2,315,285	2,059,827	52,781	977,630	112,342	7,457,186	16,344
1931	1,138,532	695,731	259,046	1,878,956	1,597,658	50,903	914,001	102,914	6,637,741	—
1932	1,210,290	670,520	218,182	875,184	246,986	25,345	890,485	89,803	4,226,788	—
1933	1,190,827	586,814	276,908	970,970	231,620	22,942	907,530	62,444	4,250,055	—
1934	1,333,413	549,081	358,758	1,095,836	227,238	21,585	954,411	31,900	4,572,221	—
1935	1,356,403	611,199	150,227	1,151,546	195,158	27,881	1,073,023	26,234	4,591,671	—

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SCHEDULE B

VILLAGES

1922	155,139	20,824	52,133	102,592	143,486	31,594	41,112	122,161	669,046	43,413
1923	155,627	18,793	60,739	115,674	157,123	35,869	36,104	113,092	693,021	22,900
1924	163,677	16,645	68,345	109,997	202,240	37,196	38,228	105,686	740,014	3,025
1925	128,190	15,894	71,167	110,717	131,675	36,684	41,803	90,037	626,118	28,911
1926	143,135	13,896	76,473	144,719	180,903	39,617	60,071	84,671	743,486	78,561
1927	156,218	13,059	96,381	154,755	215,828	42,657	80,579	76,393	836,371	71,100
1928	153,097	14,341	94,527	166,885	215,386	41,739	79,457	76,172	841,606	52,704
1929	156,468	16,566	120,334	149,858	228,806	45,274	99,976	62,368	881,760	75,079
1930	160,414	21,335	129,890	132,009	169,942	39,571	150,574	65,713	869,448	53,338
1931	162,473	22,188	124,881	109,079	92,024	41,015	134,980	64,254	750,894	5,954
1932	163,509	15,414	116,017	92,236	57,935	37,607	128,363	63,436	674,517	1,072
1933	153,913	10,486	110,550	87,693	62,990	31,840	139,679	57,203	654,354	—
1934	160,386	7,471	107,004	99,742	64,579	33,883	151,987	57,069	685,120	—
1935	159,417	6,853	111,079	94,844	58,189	33,171	169,190	48,687	681,410	—

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

SCHEDULE C

EXPENDITURES OF MUNICIPALITIES—(Continued)
(Exclusive of Utilities)

TOWNS

	Adminis- tration	Bank Interest	Protection of Person and Property	Net Loss on Utilities	Maintenance Public Works	New con- struction of Roads, Bridges, Bldgs. etc.	Medical Services, Charities and Re- creation	Debenture Charges Principal and Interest	Total Expend- iture met by current Income	Expend- iture from Proceeds of Debentures
1922	\$255,915	\$ 46,824	\$188,787	\$162,630	\$112,518	\$ 74,698	\$ 87,246	\$ 294,617	\$1,306,349	\$ 68,955
1923	251,247	41,411	201,127	149,546	119,167	101,000	81,261	313,838	1,347,939	171,322
1924	251,236	31,635	206,573	140,460	111,011	132,654	86,458	295,955	1,341,134	115,800
1925	240,216	28,982	210,553	71,226	109,927	106,721	99,853	234,790	1,184,414	152,631
1926	242,703	24,778	214,954	33,493	124,855	155,276	113,452	260,743	1,258,038	36,108
1927	252,558	22,067	220,901	25,100	136,959	142,166	149,107	225,801	1,267,472	163,316
1928	244,270	16,232	212,775	48,685	179,150	121,760	138,916	204,164	1,258,270	88,053
1929	247,392	15,370	219,000	31,019	158,670	128,984	153,710	204,939	1,250,335	163,804
1930	248,199	25,950	231,234	45,357	167,493	124,605	199,952	193,138	1,332,779	320,661
1931	220,572	28,064	213,926	40,439	113,104	59,170	176,882	201,804	1,142,238	70,245
1932	214,158	22,838	198,078	34,423	79,357	61,315	174,298	198,318	1,059,698	15,128
1933	196,537	17,317	184,824	42,116	69,641	38,408	70,176	186,705	1,002,423	—
1934	196,738	13,506	180,529	32,617	91,307	35,609	198,561	163,831	978,283	—
1935	208,472	11,178	181,555	37,045	83,723	45,532	217,086	166,641	1,019,658	25,128

SCHEDULE D

CITIES

1922	450,035	116,930	798,429	—	201,485	—	319,038	1,250,162	3,473,263	550,439
1923	460,888	86,980	804,782	—	228,102	164,200	274,405	1,253,817	3,600,715	508,861
1924	430,301	75,599	780,485	—	224,427	—	274,159	1,339,756	3,493,701	535,186
1925	425,008	88,335	791,797	—	218,456	22,890	289,113	1,459,167	3,620,739	451,953
1926	441,468	73,699	764,990	—	230,425	42,948	293,780	1,507,875	3,699,152	638,492
1927	442,240	64,815	797,740	—	287,368	223,665	355,394	1,463,900	4,012,679	1,483,019
1928	484,342	71,252	888,273	—	362,663	200,389	454,308	1,401,068	4,270,483	1,743,650
1929	517,715	64,423	954,937	—	395,067	279,178	575,108	1,398,518	4,631,668	3,095,660
1930	518,201	64,845	1,007,165	—	396,067	201,349	673,957	1,493,341	4,913,910	3,421,789
1931	470,693	113,076	1,020,185	—	470,022	90,107	855,493	1,671,225	5,025,300	2,609,670
1932	466,773	106,208	919,125	—	254,583	24,785	917,601	1,827,026	4,896,344	863,287
1933	473,277	125,262	826,634	—	215,110	26,741	826,625	1,890,446	4,724,286	354,998
1934	441,581	146,948	803,673	—	218,090	10,565	835,543	1,839,736	4,635,584	197,170
1935	457,581	131,055	809,508	—	238,282	17,099	846,071	1,734,548	4,576,496	134,451

NOTE: Due to omission of cents totals in some cases show slight differences.

SCHEDULE E GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

EXPENDITURES OF MUNICIPALITIES—(Continued) Cost of Certain Social Services

CITIES

	Deficits of Municipal Hospitals or Grants to Hospitals	Medical and Dental Services to Indigents	Levy for T. B. Sanatoria	Care of Aged and Incurables	Orphanages, Babies Welfare, Neglected Children	Total Cost
1927	\$138,359	\$ 9,931	\$ 42,157	\$ 8,905	\$ 23,261	\$222,613
1928	175,785	11,706	50,954	10,920	27,954	277,320
1929	193,175	11,566	69,959	11,181	31,271	317,153
1930	229,438	49,353	127,401	12,090	35,660	453,943
1931	248,576	57,950	106,285	11,214	32,244	456,270
1932	270,172	73,393	94,865	9,496	28,861	476,787
1933	277,248	91,407	81,705	7,944	30,084	488,389
1934	222,615	123,287	77,590	7,050	27,259	457,802
1935	233,582	135,224	77,654	7,972	26,631	481,063
1936	209,326	148,638	79,832	8,034	27,367	473,242

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TOWNS (14 of the larger towns selected)

1927	10,373	1,545	4,221	188	167	16,494
1928	15,020	2,681	4,768	311	23	23,805
1929	11,675	3,585	5,493	195	—	20,948
1930	16,614	4,227	11,764	260	—	32,866
1931	17,094	5,727	10,410	150	175	33,537
1932	11,531	8,924	8,948	240	200	29,844
1933	10,083	10,041	9,078	342	287	29,831
1934	7,417	7,786	8,609	300	339	24,452
1935	7,680	9,694	8,572	300	200	26,447
1936	8,820	15,649	8,318	420	372	33,580

NOTE: Due to omission of cents totals in some cases show slight differences.

SCHEDULE F

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

COST OF PRIMARY AND SECONDARY EDUCATION

	Total Cost	Average per Capita Cost
1922	\$12,796,574.00	\$ 16.60
1923	13,339,560.00	17.05
1924	12,864,863.00	16.17
1925	13,197,717.00	16.33
1926	13,589,544.00	16.55
1927	15,077,839.00	17.93
1928	15,541,348.00	18.05
1929	16,325,228.00	18.52
1930	16,740,450.00	18.56
1931	12,615,526.00	13.70
1932	9,801,345.00	10.61
1933	8,864,993.00	9.58
1934	7,805,477.00	8.42
1935	8,109,653.00	8.72

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN
STATEMENT NO. 2
AVERAGE PER CAPITA COSTS OF SERVICES RENDERED BY MUNICIPALITIES
 (Exclusive of Utilities)
RURAL MUNICIPALITIES

SCHEDULE A

	Admin- istration	Bank Interest	Protection of Person and Property	Mainten- ance of Public Works	New Con- struction of Roads, Bridges, etc.	Public Health and San- itation	Medical Services Charities and Recreation	Debenture Charges Principal and Interest	Total Per Capita Cost
1922	\$2.20	\$.95	\$.75	\$3.84	\$1.97	\$.08	\$.70	\$.67	\$11.16
1924	2.00	.62	.38	3.34	2.86	.10	.99	.60	10.83
1926	1.89	.39	.41	3.46	3.62	.17	.93	.57	11.44
1929	1.97	.37	.55	4.24	4.82	.14	1.56	.44	14.09
1931	1.95	1.19	.44	3.22	2.83	.10	1.57	.41	11.71
1933	1.98	.98	.46	1.61	.53	.05	1.51	.29	7.41
1935	2.14	.96	.24	1.82	.43	.07	1.69	.21	7.56

SCHEDULE B

1922	2.49	.43	1.01	1.73	3.54	.71	1.04	2.82	13.77
1924	2.52	.30	1.27	1.74	3.75	.76	.82	2.33	13.49
1926	1.94	.31	1.21	2.12	3.08	.65	1.06	1.89	12.23
1929	2.08	.22	1.73	2.01	3.37	.69	1.35	1.52	12.97
1931	2.10	.29	1.71	1.42	1.74	.62	1.76	1.83	11.47
1933	1.92	.13	1.58	1.09	1.33	.54	1.74	2.02	10.35
1935	2.06	.08	1.65	1.22	1.55	.58	2.18	2.04	11.36

SCHEDULE C

1922	4.09	.83	3.08	1.83	3.54	1.36	1.42	4.93	21.08
1924	3.84	.55	3.22	1.72	4.36	1.34	1.34	4.94	21.31
1926	3.63	.56	3.37	1.96	2.84	1.39	1.78	4.27	19.80
1929	3.91	.24	3.46	2.51	2.61	1.45	2.43	3.54	20.15
1931	3.40	.40	3.30	1.75	1.28	1.38	2.73	3.44	17.68
1933	2.94	.26	2.76	1.04	.92	1.07	2.79	3.40	15.18
1935	3.20	.17	2.79	1.29	1.08	1.08	3.33	3.21	16.15

SCHEDULE D

1922	4.60	1.19	8.16	2.06	—	3.44	3.26	12.78	35.49
1924	4.13	.72	7.49	2.15	—	3.06	2.63	13.33	33.51
1926	4.09	.68	7.04	2.12	.41	3.14	2.70	13.89	34.07
1929	3.69	.46	6.81	2.52	2.00	3.18	4.10	9.97	33.03
1931	3.16	.76	6.85	2.48	.73	2.92	5.74	11.22	33.86
1933	3.08	.81	5.38	1.40	.20	2.21	5.38	12.30	30.76
1935	3.11	.89	5.51	1.62	.13	2.33	5.76	11.81	31.16

SCHEDULE A

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

STATEMENT No. 3

DIVISION OF THE TAXPAYER'S DOLLAR FOR SERVICES RENDERED BY MUNICIPALITIES

(Based on a tax payment of \$100.00)

RURAL MUNICIPALITIES

	Admin- istration	Bank Interest	Protection of Person and Property	Mainten- ance of Public Works	New Con- struction of Roads, Bridges, etc.	Public Health and San- itation	Medical Services, Charities and Recreation	Debt Principal and Interest	Deficits of Utilities
1922	\$20.60	\$ 8.90	\$ 6.90	\$35.90	\$17.10	\$.70	\$ 6.70	\$ 3.20	
1924	19.60	6.10	3.80	32.50	27.20	.80	7.10	2.90	
1926	17.00	3.00	3.50	30.00	31.80	.85	3.00	2.30	
1928	14.40	2.50	3.40	32.70	36.70	.68	7.80	1.65	
1931	17.20	10.40	3.90	28.00	24.00	.80	14.10	1.60	
1933	28.00	13.90	6.50	22.80	5.40	.50	21.40	1.50	
1935	29.50	13.30	3.30	25.10	4.30	.60	23.40	.50	
VILLAGES									
1922	23.20	3.10	7.80	15.30	21.40	4.70	6.20	18.30	
1924	22.10	2.20	8.90	14.90	27.10	5.00	5.20	14.50	
1926	19.00	1.75	10.00	19.00	24.00	5.20	8.00	11.00	
1928	18.50	1.65	11.30	19.70	25.70	5.00	9.25	9.20	
1931	21.60	3.00	16.60	14.50	12.30	5.40	18.00	8.60	
1933	23.50	1.60	16.90	13.40	9.60	4.90	21.30	8.80	
1935	23.40	1.00	16.30	13.90	8.50	4.90	24.80	7.20	
TOWNS									
1922	19.60	3.60	14.50	8.60	5.70	6.40	6.70	22.40	\$12.50
1924	18.70	2.40	15.40	8.30	9.90	6.30	6.40	22.10	10.50
1926	19.30	2.00	17.00	10.10	12.30	7.00	9.00	20.70	2.60
1928	19.40	1.30	17.00	14.20	10.00	7.30	11.00	15.90	3.90
1931	19.30	2.50	18.70	9.90	5.20	7.70	15.50	17.70	3.50
1933	19.60	1.70	18.40	7.00	3.80	7.00	18.60	19.70	4.20
1935	20.40	1.10	17.80	8.20	4.60	6.70	21.30	16.30	3.60
CITIES									
1922	13.00	3.40	23.00	5.80	—	9.70	9.20	35.90	
1924	12.30	2.60	22.30	6.40	—	9.10	7.90	39.40	
1926	12.00	2.00	20.70	6.20	1.20	9.20	8.00	40.70	
1928	11.30	1.70	20.80	8.50	4.70	9.50	10.70	32.80	
1931	9.40	2.30	20.30	7.40	1.80	8.60	17.00	33.20	
1933	10.00	2.70	17.50	4.60	.50	7.20	17.50	40.00	
1935	10.00	2.80	17.50	5.30	.40	7.50	18.80	37.70	

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

STATEMENT No. 4

DEBENTURE ISSUES AND AVERAGE INTEREST CHARGES

	Cities			Towns		Villages		Rural Municipalities		School Districts		Rural Telephone Companies		Union Hospital Districts	
	Amount of issue (in dollars)	Average Int. charge	Amount of issue (in dollars)	Average Int. charge	Amount of issue (in dollars)	Average Int. charge	Amount of issue (in dollars)	Average Int. charge	Amount of issue (in dollars)	Average Int. charge	Amount of issue (in dollars)	Average Int. charge	Amount of issue (in dollars)	Average Int. charge	Amount of issue (in dollars)
1919	\$ 401,320	6.17%	\$58,328	7.19%	\$29,050	7.25%	\$44,846	6.40%	\$1,242,253	6.30%	\$3,374,160	6.60%	\$ —	—%	—
1920	380,153	6.70	90,988	7.15	47,000	7.80	44,430	7.30	1,594,985	7.45	1,995,175	7.70	—	—	—
1921	574,114	7.10	163,461	7.78	37,482	8.00	36,998	7.46	1,751,522	7.66	1,224,414	7.99	—	—	—
1922	1,095,834	6.50	81,516	7.79	42,666	7.90	2,155	8.00	586,154	7.59	319,645	7.75	64,700	7.87	—
1923	1,350,540	5.78	182,322	6.87	22,900	7.57	26,000	6.78	828,458	6.68	148,425	6.65	—	—	—
1924	412,931	5.92	121,300	6.83	28,650	7.30	2,600	6.25	522,790	6.54	82,648	6.72	11,000	6.47	—
1925	392,745	7.15	141,456	6.64	31,300	6.85	18,500	5.90	707,485	6.04	135,825	6.23	33,500	6.05	—
1926	714,090	5.27	168,715	6.46	75,650	6.86	2,000	5.75	888,560	5.74	329,662	5.82	35,500	5.53	—
1927	1,108,630	5.03	144,400	5.63	95,709	5.73	11,500	5.44	1,302,555	5.35	283,475	5.60	—	—	—
1928	921,700	4.70	32,300	5.46	47,750	5.90	18,000	5.25	1,202,025	5.39	338,631	5.63	15,000	5.17	—
1929	2,791,528	5.40	178,369	6.03	80,505	6.52	40,930	5.90	1,353,910	5.79	402,860	6.02	95,500	5.60	—
1930	4,183,574	5.12	261,896	6.10	60,800	6.63	16,000	6.40	1,309,679	5.83	176,647	6.42	59,000	6.44	—
1931	1,530,514	5.11	70,046	6.27	5,850	7.12	—	—	218,385	6.57	54,207	7.28	—	—	—
1932	668,598	6.65	45,534	7.47	1,700	7.40	4,900	6.00	47,150	7.85	2,900	6.55	—	—	—
1933	1,398,022	6.09	5,364	6.05	—	—	—	—	21,725	7.58	—	—	—	—	—
1934	137,000	6.50	—	—	—	—	—	—	33,634	7.64	—	—	—	—	—
1935	—	—	8,700	6.00	2,000	6.00	—	—	49,650	6.50	5,825	5.43	8,000	6.50	—
1936	1,384,878	6.40	6,300	5.00	—	—	—	—	75,450	5.90	—	—	—	—	—

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

STATEMENT No. 5

RECOVERABLE ADVANCES AND REPAYMENTS Rural Municipalities

	Payments			Receipts		
	Hospital Aid	Seed Grain Advances	Relief Advances	Hospital Aid Repaid	Relief Advances Repaid	Seed Grain Advances Repaid
1916	\$ 19,358	\$ 23,956	\$ —	\$ 5,380	\$ —	\$ 21,971
1917	21,545	457,040	—	4,709	—	327,131
1918	59,786	969,437	—	7,266	—	498,890
1919	65,778	608,692	11	9,002	—	304,714
1920	82,688	1,116,258	2,014,383	7,714	536,563	495,920
1921	86,146	343,244	58,898	4,887	84,946	143,438
1922	88,701	41,704	31,686	11,693	246,333	206,486
1923	88,757	21,862	6,306	15,379	120,518	132,545
1924	78,637	19,200	12,896	22,504	153,147	81,694
1925	90,362	203,514	26,520	32,895	129,678	140,504
1926	68,988	13,561	1,287	27,956	111,203	83,078
1927	74,468	152,269	5,168	27,812	93,111	88,083
1928	77,395	57,520	2,874	32,623	119,424	91,549
1929	90,066	25,661	244,972	26,787	107,685	48,956
1930	197,021	240,900	1,881,726	26,819	378,318	46,675
	\$1,189,656	\$4,294,818	\$4,286,727	\$263,426	\$2,080,926	\$2,711,634

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

DIRECT RELIEF ADVANCED IN CITIES AND TOWNS

STATEMENT 6

ALL CITIES (8)

	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936
Food	\$29,930	\$29,686	\$32,026	\$55,889	\$541,821	\$ 825,136	\$1,142,803	\$1,417,270	\$1,437,080	\$1,514,279
Fuel	3,235	3,469	2,916	14,707	101,222	197,190	303,546	331,000	385,328	402,846
Light and Water			19	610	7,059	17,547	52,855	82,904	83,142	85,213
Clothing			273	2,605	4,707	27,984	104,901	226,633	191,773	246,116
Shelter	160	200	400	3,476	11,654	202,249	418,443	480,188	552,208	552,658
Total Direct Relief Advanced	354	334	400	3,476	11,654	202,249	418,443	480,188	552,208	552,658
Amount expended on Farm Settlement	32,679	33,690	35,634	87,287	666,463	1,270,107	2,022,548	2,537,995	2,649,532	2,800,753
Municipalities' Share of Direct Relief and Farm Settlement					482	24,674	27,936	67,782	50,969	7,875
Relief Administration expense all borne by the Municipality	33,679	33,690	35,634	51,831	245,813	452,225	669,328	852,077	838,274	532,254
Total of Municipalities share of relief and administration expense	2,646	3,502	3,837	6,887	42,006	76,663	91,559	91,559	108,363	106,643
Proportion of previous total financed by issue of debentures	36,325	37,192	39,471	58,718	287,819	528,888	760,887	943,634	946,637	638,897
Balance of total absorbed by current tax levy	36,325	37,192	39,471	58,718	287,819	528,888	760,887	943,634	946,637	638,897
Annual charges on relief debentures										
Total annual cost to Municipality met by tax levy	36,325	37,192	39,471	58,718	287,819	528,888	760,887	943,634	946,637	638,897
Percentage of tax levy required for total annual cost	1.59	1.60	1.60	2.38	10.24	12.27	10.09	13.34	12.61	17.34
No. of employable persons on relief	No data	No data	No data	No data	5,700	7,350	8,230	8,450	8,986	9,050
No. of unemployable persons on relief	No data	No data	No data	No data	13,900	17,100	18,855	19,180	18,808	18,800
Percentage of population on relief	No data	No data	No data	No data	13.0	17.0	18.3	18.7	19.0	19.1

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TOWNS

(15 Representative Towns Selected)

Food	6,194	6,905	9,979	10,941	25,681	38,839	44,994	66,823	90,820	117,009
Fuel	1,021	1,282	1,975	2,529	5,244	10,187	19,148	20,028	29,277	40,196
Light and Water					110	96	432	894	1,414	1,676
Clothing					950	1,313	4,387	8,537	10,852	24,808
Shelter	223	381	309	312	5,060	7,512	9,333	11,479	17,174	20,357
Total Direct Relief Advanced	460	385	699	1,855	37,046	57,948	78,295	108,189	149,537	204,047
Amount expended on Farm Settlement	7,898	8,955	12,962	15,637	300	57,948	78,295	108,189	149,537	204,047
Municipalities' Share of Direct Relief and Farm Settlement										
Relief Administration expense all borne by the Municipality	7,898	8,955	12,962	15,637	300	57,948	78,295	108,189	149,537	204,047
Total of Municipalities share of relief and administration expense	580	680	750	2,009	2,044	3,208	5,042	2,701	3,803	4,305
Total annual cost to Municipality met by tax levy	8,478	9,634	13,742	14,714	22,228	24,684	32,511	41,336	47,715	47,627
Percentage of tax levy required for total annual cost	8,478	9,634	13,742	14,714	22,228	24,684	32,511	41,336	47,715	47,627
No. of employable persons on relief	2.54	2.91	4.09	3.92	6.27	7.03	10.50	13.34	15.37	15.57
No. of unemployable persons on relief	No data	No data	No data	No data	950	1,025	1,320	1,475	1,475	1,700
Percentage of population on relief	No data	No data	No data	No data	9.0	10.5	14.0	15.5	17.50	18.20

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

STATEMENT No. 7

DIRECT RELIEF ADVANCED

in
REGINA, SASKATOON AND MOOSE JAW

	Municipalities' share of Direct Relief and Farm Settlement	Relief Administration borne by the Municipality	Total of Municipalities' share of relief and administration expense	Proportion of total financed by issue of debentures	Balance of total absorbed by current tax levy	Annual charges on relief debentures
	\$	\$	\$	\$	\$	\$
REGINA						
1927	9,897.94	.....	9,897.94	.....	9,897.94	.....
1928	9,374.66	.....	9,374.66	.....	9,374.66	.....
1929	12,889.57	.....	12,889.57	.....	12,889.57	.....
1930	14,057.60	.....	15,537.60	.....	15,537.60	.....
1931	113,689.83	1,480.00	139,125.65	.....	139,125.65	.....
1932	172,558.33	25,435.82	205,772.17	150,000.00	55,772.17	5,250.00
1933	272,753.19	33,213.84	308,749.70	250,000.00	58,749.70	45,316.66
1934	355,733.22	35,996.51	392,467.69	300,000.00	92,467.69	59,430.00
1935	346,900.20	36,734.47	391,090.23	340,000.00	51,090.23	71,150.00
1936	231,299.06	44,190.03	273,135.68	200,000.00	73,135.68	94,291.18
		41,836.62				
SASKATOON						
1927	15,046.03	2,093.55	17,139.58	.....	17,139.58	.....
1928	14,471.80	2,981.24	17,403.04	.....	17,403.04	.....
1929	13,498.68	3,160.52	16,659.20	.....	16,659.20	.....
1930	20,574.00	4,327.00	24,901.00	.....	24,901.00	.....
1931	72,230.15	8,358.10	80,588.25	.....	80,588.25	.....
1932	143,443.30	20,394.84	163,838.14	.....	163,838.14	.....
1933	193,597.84	26,035.41	219,633.25	200,000.00	19,633.25	.....
1934	252,961.02	23,526.86	276,487.88	215,000.00	61,487.88	50,936.56
1935	251,867.31	27,825.28	279,692.59	219,564.10	60,128.49	12,093.33
1936	146,143.79	28,245.48	174,389.27	123,163.00	51,226.27	82,818.18
MOOSE JAW						
1927	2,959.86	.....	2,959.86	.....	2,959.86	.....
1928	4,139.93	.....	4,139.93	.....	4,139.93	.....
1929	3,172.77	.....	3,172.77	.....	3,172.77	.....
1930	6,161.38	.....	6,161.38	.....	6,161.38	.....
1931	32,691.33	.....	32,691.33	.....	32,691.33	.....
1932	71,882.54	11,850.00	83,732.54	40,000.00	43,732.54	.....
1933	125,726.61	13,881.44	139,608.05	85,000.00	54,608.05	10,600.00
1934	154,648.43	14,189.84	168,838.27	148,000.00	20,838.27	10,080.00
1935	144,635.09	15,628.89	160,263.98	143,000.00	17,263.98	32,085.00
1936	87,144.98	15,797.45	102,942.43	87,000.00	15,942.43	54,880.00

SCHEDULE A

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

STATEMENT No. 8

SUMMARY OF MUNICIPAL TAX LEVIES
RURAL MUNICIPALITIES

	General Municipal Taxes (including union hospital taxes)	School Taxes	Patriotic and Public Revenue Taxes	Supple- mentary Revenue Tax	Surtax and Wild Lands Taxes	Drainage Tax	Telephone Tax	Hail Tax	Total Tax Levies
1912	\$ 2,254,158	\$ 1,522,608	\$	\$ 425,076	\$	\$	\$	\$	\$ 4,201,842
1913	2,645,667	1,900,404	.....	491,650	.....	.....	.....	788,389	5,826,110
1914	3,027,430	2,251,701	.....	509,128	760,925	.....	91,951	879,856	7,520,991
1915	3,164,047	2,320,351	.....	526,072	715,601	.....	209,652	894,613	7,830,336
1916	3,330,311	2,938,267	779,467	487,255	655,852	.....	362,241	985,139	9,538,532
1917	3,747,756	2,908,252	1,122,983	484,410	587,941	3,142	694,070	945,127	10,493,681
1918	4,602,450	3,543,669	1,529,651	493,576	943,168	400	1,026,023	874,173	13,018,110
1919	5,223,227	4,787,979	1,714,465	501,587	922,376	2,283	1,181,114	2,247,137	16,580,168
1920	6,148,510	6,185,232	1,744,797	501,406	760,068	8,937	1,615,405	1,084,383	18,048,738
1921	6,483,760	7,539,658	1,770,572	.....	695,601	9,010	1,835,364	1,558,430	19,892,395
1922	6,024,500	7,092,928	1,742,996	.....	658,515	9,510	1,872,678	1,096,190	18,497,317
1923	5,927,472	6,884,845	1,749,638	.....	668,963	14,153	1,875,149	1,386,083	18,506,303
1924	5,713,719	6,944,256	1,779,143	.....	636,666	15,528	1,875,969	994,192	17,959,473
1925	5,556,801	6,813,867	1,769,012	.....	542,321	16,338	1,876,548	1,127,241	17,783,696
1926	5,586,002	6,942,956	1,771,931	.....	443,240	17,020	1,877,286	1,380,644	18,019,079
1927	5,795,499	7,092,734	1,330,376	.....	350,374	21,060	1,897,526	1,430,905	17,918,476
1928	6,132,244	7,380,366	1,335,819	.....	264,472	21,024	1,937,936	1,864,405	18,936,265
1929	6,542,722	7,597,157	1,356,880	.....	213,694	21,963	1,958,429	1,421,993	19,112,838
1930	6,554,824	7,513,143	1,359,386	.....	176,789	24,206	1,904,710	2,025,607	19,558,667
1931	5,735,510	6,248,239	1,358,756	.....	157,385	22,153	1,736,904	1,135,477	16,394,423
1932	4,817,468	4,889,146	1,804,155	.....	139,764	21,695	1,494,855	1,398,861	14,565,944
1933	3,914,767	3,930,170	1,790,148	.....	115,608	21,929	1,193,915	873,069	11,839,607
1934	3,994,691	3,731,296	1,775,959	.....	71,303	21,008	1,013,628	1,063,740	11,671,627
1935	4,215,157	3,820,806	1,766,683	.....	47,683	22,454	725,214	1,357,596	11,955,596

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

SUMMARY OF MUNICIPAL TAX LEVIES—(Continued)

SCHEDULE "B"—VILLAGES					SCHEDULE "C"—TOWNS					
	General Municipal Taxes	School Taxes	Patriotic and Public Revenue Taxes	Total Taxes		General Municipal Taxes (including union hospital taxes)	School Taxes	Patriotic and Public Revenue Taxes	Local Improvement and Drainage Taxes	Taxes Total
1912	\$ 298,628	\$ 220,000	\$	\$ 518,628	1912	\$ 661,943	\$ 421,085	\$	\$ 27,695	\$ 1,110,723
1913	365,166	275,000	.....	640,166	1913	688,186	551,805	.....	31,190	1,271,181
1914	429,265	340,000	.....	769,265	1914	827,833	612,713	.....	45,028	1,485,574
1915	411,139	330,000	.....	741,139	1915	875,333	650,922	.....	49,849	1,576,104
1916	426,276	346,259	31,290	803,825	1916	901,398	514,715	55,780	59,183	1,531,076
1917	454,657	385,276	51,826	891,759	1917	1,004,550	570,950	81,513	60,155	1,717,168
1918	477,158	469,192	85,718	1,032,068	1918	1,090,978	654,703	102,302	59,990	1,907,973
1919	562,980	517,960	24,170	1,105,110	1919	1,151,655	702,582	56,460	52,329	1,963,026
1920	663,364	669,684	25,210	1,358,258	1920	1,386,161	889,895	55,727	68,602	2,400,385
1921	701,376	739,748	25,014	1,466,128	1921	1,429,205	1,034,660	52,158	58,600	2,574,323
1922	679,674	740,454	25,014	1,445,142	1922	1,339,560	974,060	46,030	63,596	2,423,246
1923	675,107	738,923	92,596	1,506,626	1923	1,257,497	958,741	104,500	56,800	2,377,538
1924	672,352	761,770	90,862	1,524,984	1924	1,181,127	888,154	102,984	68,290	2,240,555
1925	654,990	756,800	88,883	1,500,673	1925	1,125,865	862,072	100,766	78,970	2,167,583
1926	673,469	767,442	81,389	1,522,300	1926	1,131,469	826,703	98,351	77,922	2,134,445
1927	687,807	797,832	61,295	1,546,936	1927	1,088,745	840,914	73,867	80,716	2,084,242
1928	768,513	845,978	62,334	1,676,825	1928	982,434	774,654	67,044	68,702	1,892,333
1929	765,509	895,870	75,130	1,736,509	1929	1,015,737	809,424	64,250	68,236	1,960,647
1930	798,333	906,073	75,919	1,780,325	1930	1,072,423	842,279	64,420	80,675	2,059,798
1931	759,350	779,411	76,074	1,614,835	1931	1,031,522	797,521	64,572	96,528	1,990,143
1932	701,041	673,844	107,519	1,482,403	1932	1,004,783	712,040	84,444	89,989	1,891,256
1933	628,033	574,700	107,719	1,310,453	1933	911,536	629,155	84,381	86,313	1,711,388
1934	648,698	543,420	107,607	1,299,725	1934	897,288	590,452	84,564	75,442	1,647,745
1935	658,897	539,656	100,347	1,298,901	1935	885,734	573,232	78,680	72,655	1,610,302

NOTE: Due to omission of cents totals in some cases show slight differences.

SCHEDULE D GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

SUMMARY OF MUNICIPAL TAX LEVIES—(Continued)

CITIES

	General Municipal Taxes	School Taxes	Patriotic and Public Revenue Taxes	Local Improve- ment Taxes	Total Tax Levies
1921	\$3,091,409	\$1,964,532	\$160,310	\$440,000	\$5,656,251
1922	2,873,558	1,978,854	149,149	458,645	5,460,208
1923	2,517,055	2,028,547	243,013	480,971	5,269,587
1924	2,431,193	1,985,983	227,333	517,754	5,162,263
1925	2,335,503	2,038,508	234,725	530,199	5,138,936
1926	2,350,867	2,148,917	235,207	552,678	5,287,670
1927	2,287,134	2,156,117	181,253	550,911	5,175,415
1928	2,325,482	2,368,941	178,596	565,784	5,438,802
1929	2,469,335	2,532,710	186,067	565,721	5,753,834
1930	2,466,072	2,699,549	186,332	654,100	6,006,053
1931	2,810,451	2,772,370	188,280	688,586	6,459,688
1932	2,805,351	2,669,046	248,580	725,895	6,448,872
1933	2,603,603	2,542,339	248,090	707,744	6,101,776
1934	2,863,672	2,452,092	248,826	745,693	6,310,284
1935	2,711,602	2,453,279	247,717	734,665	6,147,263

NOTE: Due to omission of cents totals in some cases show slight differences.

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

STATEMENT No. 9

AVERAGE PER CAPITA TAX IN MUNICIPALITIES

General Municipal Taxes	School Taxes	Provincial Taxes	Other Taxes	Total per capita Tax	General Municipal Taxes	School Taxes	Provincial Taxes	Other Taxes	Total per capita Tax
1922									
Rural Municipalities	\$13.48	\$4.62	\$11.35	\$40.72	Rural Municipalities	\$13.10	\$2.81	\$11.05	\$38.10
Villages	11.87	.40	.....	23.14	Villages	11.92	1.00	.....	23.11
Towns	15.26	.72	3.48	40.38	Towns	12.78	1.01	3.66	33.48
Cities	18.83	1.46	5.31	53.89	Cities	18.05	1.32	4.03	41.00
1923									
Rural Municipalities	12.33	4.39	12.89	40.09	Rural Municipalities	12.75	2.70	12.77	39.18
Villages	11.29	1.41	.....	23.01	Villages	11.89	1.00	.....	23.36
Towns	14.61	1.59	1.05	37.90	Towns	13.09	1.00	4.02	34.78
Cities	19.54	2.34	4.63	50.76	Cities	18.67	1.29	4.63	41.64
1924									
Rural Municipalities	12.65	4.46	10.94	38.28	Rural Municipalities	1931	2.68	9.79	32.85
Villages	11.99	1.42	.....	23.95	Villages	10.71	.98	.....	20.84
Towns	13.79	1.60	2.69	36.40	Towns	12.30	.99	4.06	33.26
Cities	19.06	2.18	4.97	49.54	Cities	18.60	1.26	4.68	43.40
1925									
Rural Municipalities	12.22	4.22	11.52	37.92	Rural Municipalities	1932	3.40	10.12	29.99
Villages	11.77	1.37	.....	23.21	Villages	8.37	1.39	.....	19.21
Towns	12.92	1.51	3.01	34.31	Towns	10.93	1.29	4.00	31.61
Cities	19.09	2.20	4.96	48.12	Cities	17.72	1.65	4.82	42.81
1926									
Rural Municipalities	12.55	4.10	12.09	38.73	Rural Municipalities	1933	3.24	7.21	23.36
Villages	11.06	1.16	.....	21.81	Villages	6.53	1.35	.....	16.40
Towns	12.97	1.54	2.26	34.53	Towns	7.19	1.27	3.61	27.91
Cities	19.80	2.17	4.75	48.37	Cities	16.53	1.61	4.97	40.04
1927									
Rural Municipalities	12.81	3.15	12.24	38.53	Rural Municipalities	1934	3.10	7.26	22.86
Villages	11.19	.86	.....	21.62	Villages	6.11	1.32	.....	15.98
Towns	13.05	1.15	3.48	34.56	Towns	8.90	1.27	3.03	26.72
Cities	19.11	1.61	4.89	45.88	Cities	15.70	1.59	5.10	40.73
1928									
Rural Municipalities	12.99	2.92	13.30	39.86	Rural Municipalities	1935	2.87	3.40	18.85
Villages	11.42	.84	.....	22.64	Villages	6.02	1.29	.....	16.75
Towns	12.55	1.03	3.47	33.01	Towns	8.80	1.21	1.11	24.72
Cities	18.51	1.39	4.42	42.49	Cities	15.70	1.67	5.01	41.84

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

SCHEDULE A

STATEMENT No. 10

SUMMARY OF MUNICIPAL TAX COLLECTIONS RURAL MUNICIPALITIES

	Total Taxes to be collected	Taxes collected	Cash realised through tax sale	Percentage of total taxes realized in cash	Taxes trans- ferred to municipal tax sale account	Discounts and cancellations	Uncollec'd arrears at end of each year	Total Municipal tax sale holdings	Cash realised	Percentage realised in cash	Cancellations	Balance held at end of each year
	\$	\$	\$	%	\$	\$	\$	\$	\$	%	\$	\$
1912	7,365,110	3,723,596	-----	50.56%	8,360	144,662	3,488,492	-----	-----	-----	-----	-----
1913	9,684,226	5,420,264	-----	55.97	20,115	173,994	4,069,853	-----	-----	-----	-----	-----
1914	12,273,194	6,298,781	-----	51.33	49,618	232,371	5,692,424	-----	-----	-----	-----	-----
1915	14,116,410	8,375,875	123,302	60.21	238,080	281,875	5,097,278	246,389	11,528	4.67	-----	235,411
1916	15,549,080	9,102,228	197,464	59.81	540,872	349,445	5,359,021	799,738	206,991	25.87	-----	592,742
1917	16,923,561	10,650,314	213,807	64.21	239,254	349,566	5,470,620	814,732	316,434	38.83	8,693	489,605
1918	19,684,010	11,662,631	246,490	60.50	205,608	566,698	7,002,575	670,689	207,599	30.95	10,615	452,475
1919	24,564,976	14,729,966	447,017	61.80	234,111	467,846	8,686,036	664,805	196,756	29.59	9,547	458,502
1920	27,789,626	15,122,844	477,432	56.13	921,988	462,826	10,804,536	1,380,772	319,367	23.13	4,623	1,056,782
1921	31,598,006	15,568,432	473,046	50.77	1,799,628	545,487	13,211,413	2,829,406	720,114	25.46	-----	2,109,292
1922	32,993,215	18,667,664	649,060	58.55	1,616,282	605,685	11,454,524	3,765,864	1,376,263	36.54	9,648	2,379,948
1923	31,069,577	17,252,904	837,281	58.23	1,108,964	511,023	11,359,405	3,503,186	1,218,980	34.80	56,337	2,227,869
1924	30,359,086	17,241,964	1,003,805	60.13	803,366	604,076	10,705,875	3,075,468	834,414	27.13	19,646	2,221,408
1925	29,470,080	18,678,221	681,007	55.69	656,133	658,425	8,796,292	2,926,102	703,597	24.04	62,103	2,160,402
1926	27,662,376	17,604,061	546,687	65.62	384,729	576,036	8,550,843	2,584,045	594,138	22.99	79,395	1,910,512
1927	27,271,389	17,473,299	640,447	66.42	366,674	545,565	8,245,404	2,326,782	445,329	20.93	41,730	1,839,723
1928	27,941,345	18,257,448	537,345	67.26	312,774	483,166	8,345,612	2,190,775	440,477	20.10	41,368	1,708,930
1929	28,220,388	17,243,242	703,702	63.60	327,270	385,169	9,561,005	2,098,065	327,936	15.63	29,049	1,741,030
1930	30,103,807	12,119,075	391,954	41.55	2,212,661	265,385	15,114,732	4,025,571	238,170	5.91	25,744	3,761,657
1931	32,956,326	10,176,534	94,209	31.17	3,932,845	313,641	18,439,117	7,742,745	506,110	6.54	20,579	7,216,056
1932	34,760,170	10,020,810	9,138	29.08	788,310	578,000	23,363,912	8,066,975	1,088,743	12.86	22,143	7,006,689
1933	37,408,533	8,742,983	8,234	23.39	550,237	634,673	27,472,406	7,481,695	850,183	11.36	26,294	6,605,218
1934	40,811,808	9,405,505	2,519	23.05	269,912	1,455,271	29,678,301	6,419,335	647,346	10.08	55,011	5,716,978
1935	43,350,246	9,275,048	14,068	21.43	501,676	932,903	32,623,551	6,154,153	453,588	7.37	41,777	5,658,788

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

SCHEDULE B

SUMMARY OF MUNICIPAL TAX COLLECTIONS—(Continued)

RURAL MUNICIPALITIES VILLAGES

	Total Taxes to be collected	Taxes collected	Cash realized through tax sale	Percentage of total taxes realized in cash	Taxes trans- ferred to municipal taxable account	Discount and cancellations	Uncollec'd arrears at end of each year	Total Municipal tax sale holdings	Cash realized	Percentage realized in cash	Cancellations	Balance held at end of each year
1912	364,932	236,059	-----	64.69	-----	4,897	123,976	-----	-----	-----	-----	-----
1913	467,165	308,578	-----	66.04	-----	6,507	152,080	-----	-----	-----	-----	-----
1914	590,712	365,909	-----	61.94	-----	7,568	217,235	-----	-----	-----	-----	-----
1915	641,789	422,188	-----	65.78	16,438	9,721	193,442	13,853	537	3.87	-----	13,316
1916	1,175,148	784,049	-----	66.73	81,593	12,055	297,450	71,762	4,734	6.59	-----	67,028
1917	1,221,018	853,916	-----	69.93	46,273	17,194	303,335	117,351	12,137	10.34	-----	105,214
1918	1,351,644	956,285	-----	70.73	29,242	13,069	353,049	149,987	20,119	13.41	-----	129,868
1919	1,497,916	1,064,180	-----	71.04	25,985	18,127	389,623	168,553	35,398	21.00	-----	133,155
1920	1,765,228	1,211,667	-----	68.65	57,439	26,372	469,749	191,801	24,838	12.94	-----	166,963
1921	1,976,380	1,294,877	-----	65.53	94,406	34,549	552,548	241,430	39,547	16.37	-----	201,883
1922	2,043,292	1,344,419	11,860	66.38	98,639	42,225	546,148	350,327	41,160	11.76	4,770	304,397
1923	2,098,408	1,397,289	12,598	67.17	87,402	42,538	588,581	386,950	42,534	10.99	1,051	343,365
1924	2,134,082	1,433,603	10,729	67.67	89,439	30,760	569,551	440,586	45,447	10.35	4,779	390,360
1925	2,119,945	1,483,593	9,309	70.42	92,337	40,916	493,790	488,414	48,241	9.88	10,540	429,633
1926	2,059,846	1,464,706	9,638	71.58	53,377	29,855	502,270	490,527	54,069	11.02	11,108	425,350
1927	2,087,977	1,507,069	12,666	72.82	47,143	35,117	484,980	480,206	49,189	13.93	17,698	413,319
1928	2,173,552	1,569,726	9,156	72.64	43,173	31,283	520,214	468,370	44,753	9.55	47,843	375,769
1929	2,301,554	1,574,837	13,706	69.02	60,304	35,522	617,185	444,532	40,090	9.02	10,600	393,842
1930	2,456,409	1,442,521	14,289	59.31	130,664	35,800	833,135	529,802	22,685	4.28	7,830	499,288
1931	2,524,885	1,313,758	8,317	52.35	175,197	41,063	986,550	679,739	28,685	4.22	2,492	648,562
1932	2,554,275	1,182,197	3,141	46.40	228,552	46,448	1,093,938	880,757	37,161	4.22	5,648	837,948
1933	2,532,289	1,086,622	3,179	43.05	72,896	54,522	1,315,070	899,468	46,984	5.22	3,167	849,317
1934	2,700,384	1,080,914	1,557	40.09	67,553	67,620	1,482,735	910,027	48,486	5.33	5,797	855,744
1935	2,871,378	1,104,078	2,518	38.54	54,670	64,907	1,645,205	931,473	47,339	5.08	5,230	878,904

NOTE: Due to omission of cents totals in some cases show slight differences.

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

STATEMENT No. 10

SUMMARY OF MUNICIPAL TAX COLLECTONS—(Continued)

TOWNS

	Total Taxes to be collected	Percentage Taxes trans-			Uncollec'd arrears at end of each year	Total Municipal tax sale holdings	Cash realised	Percentage realised in cash	Cancel- lations	Balance held at end of each year
		Cash realised through tax sale	of total taxes realized in cash	ferred to municipal tax sale account	Discounts and cancellations					
		\$	62.60%	\$	\$	\$	\$	%	\$	\$
1912	\$1,697,814	\$ 1,063,121		\$ 6,753	\$ 1,040	\$ 626,900				
1913	1,865,932	1,136,773	60.92	29,183	1,468	698,508				
1914	2,215,968	1,163,195	52.49	35,765	3,982	1,013,126				
1915	2,669,701	1,506,186	56.41	220,240	32,503	910,772				
1916	2,475,902	1,301,303	52.56	277,488	34,215	862,896	2,267	0.81		277,973
1917	2,678,040	1,500,800	56.04	227,634	46,069	903,537	28,334	5.31		515,677
1918	2,880,996	1,599,140	55.06	135,990	43,661	1,097,845	101,146	13.17		666,918
1919	3,165,336	1,740,353	55.17	382,130	70,574	966,710	83,446	9.85		764,207
1920	3,549,138	2,003,256	56.66	155,551	110,004	1,272,939	104,897	9.00		1,059,844
1921	4,031,285	2,106,288	52.38	276,340	93,582	1,549,961	70,210	5.84		1,132,110
1922	4,099,966	1,986,243	48.95	383,307	257,506	1,452,278	36,560	2.65		1,345,698
1923	3,988,295	1,954,225	49.31	341,871	222,617	1,456,957	107,572	5.36	83,189	1,632,641
1924	3,810,488	1,868,366	49.41	528,773	201,019	1,197,835	120,057	5.06	41,025	1,855,778
1925	3,462,477	1,890,086	54.99	419,227	128,919	1,010,905	122,752	4.64	30,683	2,220,549
1926	3,230,218	1,865,210	58.31	260,695	114,250	971,745	124,758	4.47	11,700	2,514,333
1927	3,137,652	1,873,436	60.46	211,477	160,179	868,741	124,535	4.41	62,236	2,600,790
1928	2,706,964	1,737,330	64.99	148,398	110,453	688,600	121,231	4.95	18,805	2,676,427
1929	2,707,401	1,733,160	64.77	199,412	116,735	637,766	121,231	4.95	72,120	2,255,742
1930	2,758,123	1,568,125	57.38	233,859	78,732	872,708	93,636	3.78	38,513	2,341,784
1931	2,935,922	1,514,904	52.11	263,655	81,906	1,060,169	51,099	1.98	109,004	2,420,162
1932	3,045,009	1,401,330	46.16	234,243	107,558	1,297,482	35,953	1.33	114,859	2,542,736
1933	3,147,066	1,253,627	39.98	206,325	85,481	1,596,846	45,380	1.64	67,507	2,673,431
1934	3,387,726	1,228,850	36.30	151,156	109,169	1,897,406	43,161	1.50	25,596	2,801,949
1935	3,635,016	1,252,869	34.53	368,533	106,775	1,904,479	56,845	1.95	13,575	2,842,561
							85,607	2.67	35,750	3,084,882

SCHEDULE D

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

SUMMARY OF MUNICIPAL TAX COLLECTIONS—(Continued)

CITIES

	Total Taxes to be collected	Taxes collected	Cash realized through tax sale	Percentage of total taxes realized in cash	Taxes trans- ferred to municipal tax sale account	Discounts and cancellations	Uncollec'd arrears at end of each year	Total Municipal tax sale holdings	Cash realized	Percentage realized in cash	Cancel- lations	Balance held at end of each year
1922	8,027,430	4,582,248	52,375	57.73	808,780	430,977	2,153,050	3,654,342	161,944	4.43	6,139	3,486,259
1923	7,621,194	4,529,742	83,242	60.53	739,813	129,065	2,139,332	4,966,376	156,423	3.15	18,003	4,791,949
1924	7,523,172	4,353,125	83,677	58.98	747,717	125,075	2,213,578	5,472,297	152,880	2.79	28,364	5,291,053
1925	7,519,572	4,446,362	43,722	59.71	663,053	132,348	2,234,089	5,969,156	141,451	2.37	124,957	5,702,748
1926	7,750,558	4,751,593	39,835	61.82	495,982	144,123	2,319,024	6,134,028	335,465	5.47	227,548	5,571,016
1927	7,598,362	4,662,457	48,734	62.03	890,338	263,778	1,733,054	6,515,942	435,993	6.69	499,422	5,580,527
1928	7,424,964	5,174,549	61,860	70.52	667,336	176,378	1,344,841	6,822,184	741,013	10.86	141,808	5,939,364
1929	7,197,594	5,269,058	54,193	73.96	446,263	203,018	1,225,062	6,450,997	580,111	8.99	455,203	5,415,682
1930	7,322,116	5,213,086	36,079	71.68	278,478	213,825	1,580,648	5,721,665	169,333	2.96	104,027	5,448,305
1931	8,174,791	5,223,769	46,135	64.46	349,362	221,572	2,333,953	5,820,988	54,436	.94	7,972	5,758,580
1932	8,978,404	4,925,573	69,830	55.64	604,242	194,455	3,184,304	6,371,363	60,959	.96	15,044	6,295,460
1933	9,529,403	4,711,360	11,856	49.56	945,090	146,010	3,715,087	7,273,009	106,880	1.47	6,544	7,159,585
1934	10,506,163	4,890,812	13,481	46.68	482,041	175,796	4,944,033	7,441,728	141,915	1.91	21,931	7,277,882
1935	11,424,435	5,107,840	11,212	44.81	1,022,213	151,729	5,131,441	8,276,778	301,800	3.65	120,564	7,854,414

NOTE: Due to omission of cents totals in some cases show slight differences.

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN
COMPARISON OF MUNICIPAL TAX LEVIES AND COLLECTIONS

STATEMENT No. 11

420

	RURAL MUNICIPALITIES			TOWNS			VILLAGES			CITIES		
	Total tax levies	Cash realised from taxes, tax sales and title property		Total tax levies	Cash realised from taxes, tax sales and title property		Total tax levies	Cash realised from taxes, tax sales and title property		Total tax levies	Cash realised from taxes, tax sales and title property	
1912	\$ 4,201,842	\$ 3,723,596		\$1,110,723	\$1,063,121		\$ 518,628	\$ 236,059		\$5,460,208	\$4,796,567	
1913	5,826,110	5,420,264		1,271,181	1,136,773		640,166	308,578		5,269,587	4,769,407	
1914	7,520,991	6,298,781		1,485,574	1,163,195		769,265	365,909		5,162,263	4,589,682	
1915	7,830,336	8,510,705		1,576,104	1,508,453		741,139	422,725		5,138,936	4,631,535	
1916	9,538,532	9,506,683		1,531,076	1,330,237		803,825	788,783		5,287,670	5,126,893	
1917	10,493,681	11,180,555		1,717,168	1,601,946		891,759	866,053		5,175,415	5,147,184	
1918	13,018,110	12,116,728		1,907,973	1,686,946		1,032,068	976,404		5,438,802	5,977,422	
1919	16,580,168	15,373,739		1,963,026	1,850,799		1,105,110	1,099,578		5,753,834	5,903,362	
1920	18,048,738	15,919,643		2,400,385	2,080,853		1,358,258	1,236,505		6,006,053	5,418,498	
1921	19,892,395	16,761,592		2,574,623	2,147,962		1,466,128	1,334,424		6,459,688	5,324,340	
1922	18,497,317	20,632,992		2,423,246	2,092,011		1,445,142	1,397,439		6,448,872	5,056,362	
1923	18,506,303	19,309,165		2,377,538	2,074,422		1,506,626	1,452,421		6,101,776	4,830,096	
1924	17,959,473	19,080,183		2,240,555	2,002,918		1,524,984	1,489,779		6,310,284	5,046,208	
1925	17,783,696	20,062,825		2,167,683	2,026,177		1,500,673	1,541,143		6,147,263	5,420,852	
1926	18,015,079	18,744,306		2,134,445	2,008,286		1,522,300	1,528,413				
1927	17,918,476	18,559,075		2,084,242	2,021,790		1,546,936	1,568,924				
1928	18,936,265	19,235,270		1,892,833	1,880,744		1,676,825	1,623,640				
1929	19,112,838	18,274,880		1,960,647	1,847,124		1,736,509	1,628,633				
1930	19,558,667	12,749,199		2,059,798	1,633,923		1,780,325	1,479,495				
1931	16,394,423	10,776,553		1,990,143	1,566,145		1,614,835	1,350,760				
1932	14,565,944	11,068,691		1,891,256	1,451,106		1,482,403	1,222,499				
1933	11,839,607	9,601,400		1,711,388	1,301,575		1,310,453	1,136,785				
1934	11,671,627	10,055,370		1,647,745	1,286,840		1,299,725	1,130,957				
1935	11,955,596	9,742,704		1,610,302	1,340,836		1,298,901	1,153,935				

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

STATEMENT No. 12

ANALYSIS OF ASSETS AND LIABILITIES OF MUNICIPALITIES
RURAL MUNICIPALITIES

ASSETS

	Net Cash and Bank Balances	Aid and Relief Advances Re- ceivable	Sundry Accounts Re- ceivable	Arrears of Taxes (Municipal, School, Telephone, etc.)	Arrears of Taxes (Trust Levies remitted as collected)	Tax Sale Certifi- cates	Property acquired through Tax Sale	Supplies and Deferred expense	General Trust Cash and Bank Balances	Special Trust Cash (Trust taxes collected)	Capital or Fixed Assets	Total Assets
1916	\$ 1,160,825	\$ 84,673	\$ 119,645	\$ 4,712,001	\$ 267,162	\$ 641,165	\$ 4,535	\$	\$	\$ 67,711	\$ 1,871,545	\$ 8,929,062
1921	1,307,431	2,458,821	910,225	11,235,506	1,919,962	2,098,801	44,949	36,243	58,087	716,706	2,649,958	23,436,690
1926	4,194,867	1,477,099	761,749	7,540,487	1,013,646	1,146,540	764,430	50,449	14,063	336,057	2,205,077	19,504,466
1931	1,716,086	6,449,292	1,121,627	15,845,706	2,635,320	6,082,199	1,123,181	41,729	5,975	161,428	2,702,435	37,884,978
1935	1,145,840	34,161,667	789,143	24,995,232	7,634,588	4,308,635	1,367,894	20,873	150,760	94,554	1,907,468	76,576,655

LIABILITIES

	Sundry Accounts Payable	Due School's, Telephone Coys. etc. for Tax Levies	Bank Over- drafts	General Bank Loans	Seed Grain Bank Loans	Relief Bank Loans	Loans from Gov't for Seed and Relief	Contingent Liability Provincial share of relief	De- benture coupons past due	Unmatured Debt	Trust Liabilities	Reserves	Surplus	Total Liabilities and Surplus
1916	-\$ 302,419	\$ 1,597,299	\$ 103,368	\$ 432,575	\$ 12,492	\$	\$	\$	\$ 1,471	\$ 1,367,748	\$ 265,305	\$	\$ 4,856,485	\$ 8,929,062
1921	689,133	3,963,800	140,248	3,719,446	793,512	1,232,345			1,580	1,069,437	2,636,663		9,190,520	23,436,690
1926	222,870	1,750,204	259,430	366,819	275,605	302,051				573,380	1,349,703	956,764	13,447,640	19,504,466
1931	1,367,785	5,843,789	722,770	4,541,421	197,350	4,800,545	317,212		30,443	201,796	2,796,747	1,852,105	15,213,014	37,884,978
1935	3,844,243	10,776,290	169,327	2,288,275	927,618	4,577,170	15,280,867	10,750,971	105,568	36,829	7,729,142	4,922,109	15,168,244	76,576,655

NOTE: Due to omission of cents totals in some cases show slight differences.

SCHEDULE B

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

ANALYSIS OF ASSETS AND LIABILITIES OF MUNICIPALITIES (Continued)

VILLAGES

ASSETS

	Net Cash and Bank Balances	Aid and Relief Advances Re- ceivable	Sundry Accounts Re- ceivable	Arrears of Taxes, Municipal and School as collected)	Arrears of Taxes (Trust Levies remitted)	Tax-Sale Certifi- cates	Property acquired through Tax Sale	Supplies and Deferred expense	General Trust Cash and Bank Balances collected)	Special Trust Cash (Trust taxes collected)	Capital or Fixed Assets	Total Assets
1916	\$ 238,344	\$ 465	\$ 12,989	\$ 300,081	\$ 63,651	\$ 1,475	\$ 22	\$ 1,450,199	\$ 2,067,226			
1921	289,826	1,342	22,807	513,222	28,190	216,384	2,772	1,980,173	3,079,410	24,694		
1926	513,700	6,313	45,420	489,230	13,850	255,977	170,740	3,385	1,825,103	13,219		
1931	343,487	25,554	66,356	973,040	14,049	360,721	288,454	2,233	1,783,586	21,711		
1935	285,730	109,984	81,596	1,577,863	73,539	437,655	440,898	4,392	1,221,801	23,429		

422

LIABILITIES

	Sundry Accounts Payable	Due Schools for Tax Levies	Bank Over- Drafts	General Bank Loans	Provincial Gov't for Relief	Contingent Liability to Gov't for Provincial share of Relief	Unmatured Debenture Debt	Trust Liabilities	Reserves	Surplus	Total Liabilities and Surplus
1916	\$ 105,575	\$ 242,778	\$ 1,014	\$ 32,742	\$ 2,773	\$ 664,335	\$ 1,016,452	\$ 2,067,226			
1921	82,013	316,203	2,919	138,711	2,981	465,642	2,008,538	3,079,410	1,557	9,519	
1926	49,667	226,659	32,141	41,511	5,987	277,364	2,555,153	3,336,937	121,386	121,386	
1931	128,404	339,387	38,889	109,961	18,051	301,923	2,608,153	3,882,570	252,032	252,032	
1935	236,174	646,267	28,464	37,432	97,466	147,296	2,415,493	4,260,330	490,447	490,447	

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

ANALYSIS OF ASSETS AND LIABILITIES OF MUNICIPALITIES (Continued)

TOWNS

ASSETS

	Net Cash and Bank Balances	Aid and Relief Accounts Re- ceivable	Sundry Accounts Re- ceivable	Arrears of Taxes	Arrears of Taxes (Trust Levies to be remitted as collected)	Tax Sale Cert- ificates	Tax Title Property	Supplies and Deferred Expense	Sinking Funds and Trust Funds	Special Trust Cash (Trust taxes not remitted)	Capital or Fixed Assets	Total Assets
1916	\$ 283,902	\$ 450	\$ 210,347	\$ 850,944	\$ 10,899	\$ 551,948	\$ -----	\$ 66,542	\$ 36,541	\$ -----	\$ 6,631,901	\$ 8,643,474
1921	254,354	20,296	257,418	1,620,525	59,090	1,099,041	215,909	49,651	179,151	11,966	7,095,486	10,862,888
1926	417,911	22,521	185,642	719,085	277,520	1,096,020	1,574,023	78,992	214,310	10,956	6,003,963	10,600,893
1931	306,242	39,570	325,908	829,796	231,082	700,399	1,841,496	29,594	734,843	8,150	4,603,634	9,650,713
1935	255,735	43,639	259,195	1,442,898	463,863	1,062,682	2,038,486	26,495	724,280	10,010	3,696,478	10,023,760

LIABILITIES

	Sundry Accounts Payable	Due Schools	Bank Over- drafts	General Bank Loans	Loans from Govt. for Relief	Contingent Liability	De- benture Coupons past due	Unmatured Debentures	Trust Liabilities	Reserves	Surplus	Total Liabilities and Surplus
1916	\$ 426,695	\$ 423,767	\$ 98,260	\$ 402,939	\$	\$	\$ 120,925	\$ 5,730,891	\$ 10,899	\$ 74,795	\$ 1,354,303	\$ 8,643,474
1921	351,996	809,772	25,353	469,035	.....	.....	310,089	5,893,216	71,056	357,925	2,574,446	10,862,888
1926	132,821	381,050	58,029	172,020	.....	.....	66,668	4,978,090	288,476	1,175,922	3,347,818	10,600,893
1931	120,122	312,122	66,448	255,055	.....	.....	139,007	3,783,627	241,174	1,043,916	3,689,242	9,650,713
1935	196,615	465,282	45,999	98,645	28,814	650	520,709	2,076,967	473,872	1,760,624	3,355,581	10,023,760

NOTE: Due to omission of cents totals in some cases show slight differences.

SCHEDULE D

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN

ANALYSIS OF ASSETS AND LIABILITIES OF MUNICIPALITIES (Continued)

CITIES

ASSETS

	Net Cash and Bank Balances	Aid and Relief Accounts Receivable	Sundry Accounts Receivable	Arrears of Taxes	Tax Sale Certificates	Tax Title Property	Supplies and Deferred Expense	Sinking Funds & Trust Funds	Capital or Fixed Assets	Total Assets
1926	\$ 863,881	\$ 89,599	\$ 1,132,721	\$ 2,611,273	\$ 990,322	\$ 6,639,083	\$ 507,537	\$10,549,818	\$29,092,104	\$52,476,338
1931	643,700	310,920	2,673,881	2,287,516	597,859	7,174,712	426,169	17,355,480	36,420,498	67,890,746
1933	610,254	414,800	2,226,454	3,715,087	1,856,753	7,275,443	1,087,572	18,648,013	35,310,252	71,144,629
1935	634,529	417,118	2,376,846	5,139,055	2,227,700	7,576,326	2,370,407	20,017,270	32,633,580	73,392,833

LIABILITIES

	Sundry Accounts Payable	Due Schools for Taxes	Bank Overdraft	General Bank Loans	Bank Capital Loans	Bank Loans	Loans from Provincial Government for Relief Works	Debture Interest accrued but not due	Debture past due	Unmatured Debt	Trust Reserves	Surplus	Total Liabilities and Surplus
1926	\$ 766,480	\$ 1,729,041	\$	\$ 1,183,890	\$ 326,546	\$	\$	\$ 452,500	\$ 125,621	\$34,837,904	\$ 60,027	\$ 2,869,080	\$52,476,338
1931	1,608,750	1,268,276	82,572	1,732,338	1,265,328	.....	.....	419,993	100,535	42,399,144	278,464	3,950,178	67,890,746
1933	1,662,817	2,303,961	153,211	2,559,438	590,374	310,338	294,578	426,528	91,597	42,277,166	203,542	3,751,672	71,144,629
1935	1,319,561	3,084,703	136,611	2,746,305	301,042	605,580	439,578	609,938	147,093	41,852,075	236,697	5,546,441	73,392,833

NOTE: Due to omission of cents totals in some cases show slight differences.

GOVERNMENT OF THE PROVINCE OF SASKATCHEWAN
CLASSIFICATION OF INVESTMENTS HELD IN SINKING FUNDS AND TRUST FUNDS

STATEMENT No. 13

CITIES

										Saskatchewan					
										Other	Saskatchewan	Telephone	Saskatchewan			Other	Own
1927	\$	626,617.65	Saskatchewan	Manitoba	Alberta	\$	901,756.83	\$	595,727.78	\$1,194,941.61	\$1,536,079.14	\$29,416.70	\$81,324.00	\$1,494,358.29	
1928		854,260.81					1,152,559.42		855,930.01	1,229,415.15	1,464,242.38	32,063.40	75,384.00	1,836,484.75	
1929		1,235,569.30					1,344,247.94		918,142.37	1,258,470.24	1,466,018.99	65,168.32	40,611.00	2,009,184.86	
1930		1,520,445.66					1,984,425.56		1,157,931.66	1,414,063.52	1,303,261.52	97,719.01	34,082.00	3,193,740.60	
1931		1,130,480.87					2,100,750.26		1,139,263.55	1,300,342.16	1,117,958.14	94,083.71	32,082.00	3,461,266.59	
1932		1,479,559.83					2,053,845.04		1,194,577.08	1,276,136.34	953,353.64	89,600.13	43,489.00	4,172,020.75	
1933		977,511.94					1,941,628.10		1,364,163.12	1,164,230.63	791,517.32	86,138.41	41,489.00	4,409,367.67	
1934		886,685.94					1,666,132.18		1,105,355.04	1,069,653.18	665,844.81	82,578.29	30,400.00	4,260,517.56	
1935		719,871.99					1,501,403.17		718,742.57	967,113.42	543,029.21	79,105.13	26,400.00	5,116,965.53	
1936		679,941.00					1,486,130.16		726,739.00	841,467.10	425,460.69	75,511.90	26,150.00	6,356,583.55	

425

CLASSIFICATION OF INVESTMENTS HELD IN SINKING FUNDS AND TRUST FUNDS IN DEFAULT AT THE END OF EACH YEAR

STATEMENT No. 14

CITIES

1927										1,685.07	12,877.26			
1928										2,626.54	8,855.65			
1929										2,093.76	2,917.34			
1930										2,489.25	9,630.31			
1931										74,088.19	77,579.23	3,537.63		
1932										20,811.92	374,424.79	1,401.70		256,440.68
1933										273,767.07	328,725.25	10,396.57		267,839.46
1934										358,596.10	406,699.38	13,795.88		335,930.24
1935										455,285.16	461,179.47	17,767.21		371,174.02
1936										536,315.76	525,621.17	20,477.27		393,972.80

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CORRECTIONS IN SASKATCHEWAN BRIEF

Page 417

1. Schedule B - take out heading
"Rural Municipalities"
2. Schedule B - fifth heading of columns -
word "taxable" to read
"tax sale"

Page 424

Schedule D - Liabilities

1. Heading of fifth column to read
"Capital Bank Loans"
2. Heading of sixth column to read
"Relief Bank Loans".

from Page 417 to Page 424

E R R A T A

November 29th, 1937.

- P. 6, line 10 - Should read "as for the Commissioners, they" etc.
- P.92, line 27 - Should read "production in six items."
- P.96, line 13 - Quotation marks before "somewhat" and after "cent."
- P.96, line 22 - Should read "figure for the portion of total Manitoban produce" etc.
- P.97, line 3 - Should read "you correct the other to correspond to page 11"
- P.97, line 4 - Quotation marks before "nearly" and after "cent", and the figure should be "20" not "22."
- P.98, line 26 - The name "Angus" should be changed to "Mackay."
- P.98, line 31 - The name "Angus" should be changed to "Mackay."
- P.101, line 6 - Change the word "traded" to "competed."
- P.108, line 28 - Should read "The figures you are referring to are those on which you rely to" etc.
- P.110, lines 7 to 12. - Should read "argument is concerned with two things. One is to show that the policy which the Canadian government might have adopted but did not adopt was, generally speaking, a policy of currency depreciation. You contend that they might have taken this course which, you say, would have benefitted the country generally. The second point is you wish to show that (whether it would have benefitted Canada or not) it would" etc.
- P.110, line 21 - Should read "of it already. I refer to the relative figures with regard" etc.
- P.110, line 23 - Should read "figures of 22 per cent and 10 per cent - I challenged the figure of" etc.
- P.111, line 25 - Should read, "I agree it is vague. Would it not."
- Index p.iv, line 9 - Correct spelling of "notarial."

December 1st, 1937.

- P.281, line 19 - Add the letters "con" at the end of this line, being the beginning of the word "context."
- P.286, line 11 - Insert the word "grants" after Brunswick."
- P. 292, line 29 - Substitute "e" for first "i" in "decennial."
- P.293, line 7 - Add the words "and also" at the end of this line.
- P.299, line 4 - Add the word "year" at the end of this line.

- P.308, line 30 - Add an "s" to the word "function."
- P.309, line 3 - Strike out the words "and then they provided."
- P.311, line 23 - The figure should be \$8,001,578.17.
" line 25 - The second time the word "list" occurs in this line, it should be "loss."
- P.335, line 1 - The figure should be \$1,800,000.
- P.382, line 7 - The word "opposition" should be "position."
- P.382, line 9 - Insert the words "type of" after the word "this" and before "tax."
- P.382, line 25 - Substitute the word "labour" for the word "Liberal."
- P.389, line 17 - The second word should be "includes."

(The last group are reporters' corrections)

December 1st, 1937.

- P.291, line 23 - Should read "and that therefore in view of the development in national consciousness poorer areas should have certain."
- P.382, line 14 - Should read "Commissioner Angus."
- P.382, line 17 - Should read "Commissioner Angus."

December 2nd, 1937.

- P.458, line 21 - Should read "thinking of uniform administration by the Dominion."
- P.460, line 6 - Substitute the word "upon" for "did not" at the end of the line, with a comma preceding it.
- P.465, line 24 - The first word should be "poor". Strike out the words, "If we raise the richest in financial or revenue producing capacity." Insert the words, "If we" before "raise the poorest where" etc.

December 3rd, 1937.

- P.310, line 11 - Should read "the prudent investor of 1928 might have got these", instead of "might not have got these."
- P.700, line 10 - Strike "s" off "provinces."

December 4th, 1937.

- P.766, line 8 - The name "Allen" should be "Allan."
- P.768, line 3 - The name "Allen" should be "Allan."
- P.783, lines 1, 4, and 7. - The name "Allen" should be "Allan."

December 6th, 1937.

- P.805, line 27 - After the word 'Dominion' insert the words
"have to."
- P.932, line 21 - Substitute "obsolescent" for "obsolete."
- P.932, line 22 - Strike out the first word "not" and substitute
"nevertheless". Add at the end of this line,
"A white elephant can be in good physical con-
dition!"

December 8th, 1937.

- Index p.iv, l. 27 - Substitute "minimum" for "medium."
- P.1122, line 19 - Substitute "minimum" for "medium."

December 10th, 1937.

- P.1359, line 21 - Insert "or" between 'municipalities' and
"through."
- P.1395, line 23 - After the name "Commissioner Mackay" insert
"You have, however, control", etc.

December 13th, 1937.

- P.1596, line 11 - Strike out the word "in".
- P.1596, line 12 - Strike out the words "cases transferred their
head office to a" and substitute "transfer
offices in."
- P.1596, line 13 - Add "s" to "province".
- P.1596, line 17 - Strike out "transferred their" also "to another"
and insert "in different" after the word
"offices". Add an "s" to "province."

December 14th, 1937.

- P.1763, lines 18 Strike out the words "in principle" from this
and 19. line, and insert them after the word "him"
in the following line.

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